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EOP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	For the years ended December 31, 2005	2004	2003
	(Dollars in thousands)		
Mandatorily Redeemable Preferred Units:			
Balance, beginning of period	$ 299,500	$ 299,500	$ 299,500
Conversion of Series B Cumulative Redeemable Preferred Units to Units	(3)	—	—
Balance, end of period	$ 299,497	$ 299,500	$ 299,500
Partners' Capital:			
Balance, beginning of period	$ 10,338,574	$ 11,257,494	$ 12,047,987
Redemption of Units for cash	(56,525)	(3,904)	(6,427)
Issuance of Units for acquisitions	3,339	50	—
Issuance of Units through exercise of share options	141,982	59,269	37,744
Offering costs	(92)	(84)	(257)
Amortization of offering costs	2,611	6,737	—
Units issued for restricted units, trustee fees and for the dividend reinvestment plan, net of restricted units retired, net of cancellations	(1,217)	2,185	—
Compensation expense related to restricted units and stock options issued to employees by Equity Office	22,504	13,992	7,500
Common Shares and Units repurchased by EOP Partnership	(959,129)	(37,774)	(363,486)
Preferred units redeemed	—	(114,073)	(250,000)
Preferred distributions	(34,803)	(39,093)	(51,872)
Distributions declared to partners	(894,591)	(902,009)	(901,472)
Balance, end of period	$ 8,562,653	$ 10,242,790	$ 10,519,717
Comprehensive Income:			
Net income	$ 43,846	$ 149,054	$ 729,214
Other comprehensive income (loss):			
Unrealized holding (losses) gains on forward starting interest rate swaps	—	(34,665)	8,930
Reversal of unrealized holding loss (gain) on settlement of forward starting interest rate swaps	—	45,115	(768)
(Payments) proceeds from settlement of forward starting interest rate swaps	—	(69,130)	768
Reclassification of ineffective portion of swap settlement payment to net income	—	212	—
Amortization of payments (proceeds) from settlement of forward starting interest rate swaps	6,815	5,206	(73)
Unrealized holding (losses) gains from investments arising during the year	(250)	23	848
Reclassification adjustment for realized (gains) included in net income	—	(31)	(1,142)
Net comprehensive income	50,411	95,784	737,777
Balance, end of period	$ 8,613,064	$ 10,338,574	$ 11,257,494
Deferred Compensation:			
Balance, beginning of period	$ (1,916)	$ (5,889)	$ (15,472)
Amortization of restricted shares	1,383	3,973	9,583
Balance, end of period	$ (533)	$ (1,916)	$ (5,889)

See accompanying notes.

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EOP OPERATING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31, 2005	2004	2003
	(Dollars in thousands)		
Operating Activities:			
Net income	$ 43,846	$ 149,054	$ 729,214
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including discontinued operations)	818,172	806,620	716,773
Compensation expense related to restricted shares and stock options issued to employees by Equity Office	23,887	17,965	17,094
Income from investments in unconsolidated joint ventures	(68,996)	(50,304)	(79,882)
Net distributions from unconsolidated joint ventures	52,690	66,829	87,268
Net (gain) on sales of real estate and provision for loss on properties held for sale (including discontinued operations)	(24,226)	(27,374)	(161,063)
Impairment (including discontinued operations)	219,003	229,170	7,500
Cumulative effect of a change in accounting principle	—	33,697	—
Provision for doubtful accounts	6,428	5,455	12,803
Income allocated to minority interests (including discontinued operations)	40,190	11,193	8,116
Other	448	(2,090)	—
Changes in assets and liabilities:			
(Increase) decrease in rent receivable	(21,933)	7,289	(6,893)
(Increase) in deferred rent receivable	(63,455)	(88,651)	(72,240)
(Increase) decrease in prepaid expenses and other assets	(34,580)	49,824	(8,409)
Increase (decrease) in accounts payable and accrued expenses	2,222	(7,659)	(17,487)
(Decrease) increase in other liabilities	(5,706)	6,949	(13,223)
Net cash provided by operating activities	987,990	1,207,967	1,219,571
Investing Activities:			
Property acquisitions (including deposits made for property acquisitions)	(1,266,584)	(472,053)	(189,415)
Property dispositions (including deposits received for property dispositions)	1,828,954	414,256	1,345,554
Distributions from (investments in) unconsolidated joint ventures related to disposition and acquisition activity	89,961	(220,833)	24,854
Distributions from unconsolidated joint ventures related to mortgage financings	148,278	16,820	29,512
Capital and tenant improvements (including development costs)	(370,595)	(453,227)	(438,601)
Lease commissions and other costs	(122,724)	(123,037)	(138,979)
Sale of investment in CT Convertible Trust I preferred shares	—	32,089	—
Decrease in escrow deposits and restricted cash	664,123	124,167	23,329
Investments in notes receivable	(50,000)	(3,515)	—
Repayments of notes receivable	—	—	1,299
Net cash provided by (used for) investing activities	921,413	(685,333)	657,553
Financing Activities:			
Proceeds from mortgage debt	518,855	—	—
Principal payments on mortgage debt	(1,077,322)	(438,828)	(233,809)
Proceeds from unsecured notes	40,549	2,061,979	494,810
Repayment of unsecured notes	(675,000)	(1,205,000)	(700,000)
Proceeds from lines of credit	13,867,270	6,123,300	5,215,400
Repayment of lines of credit	(12,784,270)	(5,909,300)	(5,087,100)
Payments of loan costs and offering costs	(8,920)	(3,004)	(8,935)
Settlement of interest rate swap agreements	(8,677)	(69,130)	768
(Distributions to) minority interests in partially owned properties	(11,208)	(12,810)	(10,062)
Proceeds from exercise of stock options	141,982	59,269	37,744
Distributions to unitholders	(893,779)	(902,865)	(901,259)
Repurchase of Units through Equity Office's common share repurchase program	(959,129)	(37,774)	(363,486)
Redemption of Units	(56,525)	(3,904)	(6,427)
Repurchase of preferred units	—	(114,073)	(250,000)
Payment of preferred distributions	(32,191)	(32,766)	(53,841)
Net cash (used for) financing activities	(1,938,365)	(484,906)	(1,866,197)
Net (decrease) increase in cash and cash equivalents	(28,962)	37,728	10,927
Cash and cash equivalents at the beginning of the year	107,126	69,398	58,471
Cash and cash equivalents at the end of the year	$ 78,164	$ 107,126	$ 69,398

EOP OPERATING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

	For the years ended December 31,		
	2005	2004	2003
		(Dollars in thousands)	
Supplemental Information:			
Interest paid during the period, including a reduction of interest expense for capitalized interest of $441, $4,648 and $10,089, respectively	$ 829,209	$ 824,289	$ 849,337
Non-Cash Investing and Financing Activities:			
Investing Activities:			
Escrow deposits used for property acquisitions	$ —	$ 36,541	$ —
Escrow deposits related to property dispositions	$ (639,439)	$ (117,144)	$ (69,330)
Mortgage loan repayment as a result of a property disposition (including prepayment expense of $375 in the year ended December 31, 2004)	$ (13,386)	$ (5,830)	$ (16,279)
Mortgage loan assumed upon acquisition of property	$ 118,487	$ 82,970	$ —
Mortgage loan assumed upon consolidation of property	$ —	$ —	$ 59,166
Loan issued in connection with a property disposition	$ (66,300)	$ —	$ —
Units issued in connection with a property acquisition	$ 3,339	$ 50	$ —
Changes in accounts due to a like-kind exchange:			
Increase in investment in real estate due to property acquisition	$ —	$ 130,203	$ —
Decrease in investment in real estate due to property disposition	$ —	$ (130,865)	$ —
Decrease in accumulated depreciation	$ —	$ 9,137	$ —
Decrease in other assets and liabilities	$ —	$ (1,770)	$ —
Changes in accounts due to consolidation of existing interest in a property as a result of acquiring the remaining economic interest:			
Decrease in investment in unconsolidated joint ventures	$ —	$ (157,659)	$ —
Increase in investment in real estate	$ —	$ 612,411	$ —
Increase in accumulated depreciation	$ —	$ (44,440)	$ —
Increase in mortgage debt	$ —	$ (451,285)	$ —
Increase in other assets and liabilities	$ —	$ 40,973	$ —
Changes in accounts due to partial sale of real estate:			
Increase in investment in unconsolidated joint ventures	$ 36,349	$ 18,445	$ 155,710
Decrease in investment in real estate	$ (43,931)	$ (21,726)	$ (169,390)
Decrease in accumulated depreciation	$ 8,403	$ 4,310	$ 19,336
Decrease in other assets and liabilities	$ (940)	$ (1,030)	$ (4,460)
Financing Activities:			
Mortgage loan repayment as a result of a property disposition (including prepayment expense of $375 in the year ended December 31, 2004)	$ 13,386	$ 5,830	$ 16,279
Mortgage loan assumed upon acquisition of property	$ (118,487)	$ (82,970)	$ —
Mortgage loan assumed upon consolidation of property	$ —	$ —	$ (59,166)
Loan issued in connection with a property disposition	$ 66,300	$ —	$ —
Units issued in connection with a property acquisition	$ (3,339)	$ (50)	$ —

See accompanying notes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS OF EOP PARTNERSHIP

EOP Operating Limited Partnership ("EOP Partnership") is a Delaware limited partnership. Our general partner is Equity Office Properties Trust, a Maryland real estate investment trust ("REIT"). The use of the words "EOP Partnership", "we", "us", or "our" in this Form 10-K refers to EOP Partnership, its subsidiaries and Equity Office Properties Trust ("Equity Office"), except where the context otherwise requires. Equity Office has elected to be taxed as a REIT for federal income tax purposes and generally will not be subject to federal income tax if it distributes 100% of its taxable income and complies with a number of organizational and operational requirements.

We are a fully integrated, self-administered and self-managed real estate company principally engaged, through our subsidiaries, in owning, managing, leasing and developing office properties. As of December 31, 2005, we owned whole or partial interests in 622 office buildings comprising 111.5 million square feet in 16 states and the District of Columbia ("Total Office Portfolio"). After excluding the partial interests owned by our joint venture partners, our share of the Total Office Portfolio is 101.7 million square feet and is referred to as the "Effective Office Portfolio." The Effective Office Portfolio represents our economic interest in the office properties from which we derive the net income we recognize in accordance with U.S. generally accepted accounting principles ("GAAP"). Properties that have been taken out of service and properties under development are not included in these property statistics. Throughout this report, information is disclosed for both the Total Office Portfolio and the Effective Office Portfolio. The information disclosed throughout this report with respect to number of buildings, square feet and occupancy and leased levels is unaudited. The table below shows, in summary, the property statistics for each portfolio as of December 31, 2005.

		Total Office Portfolio		Effective Office Portfolio	
	Number of Buildings	Occupied Square Feet	Square Feet	Occupied Square Feet	Square Feet
Wholly-Owned Properties	562	77,309,801	85,927,640	77,309,801	85,927,640
Consolidated Joint Ventures	22	10,585,857	11,143,588	9,529,373	9,983,557
Unconsolidated Joint Ventures	38	12,990,416	14,437,825	5,146,371	5,797,094
Total	622	100,886,074	111,509,053	91,985,545	101,708,291
Percent Occupied		90.5%		90.4%	
Percent Leased		91.8%		91.9%	

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements represent our financial condition and results of operations and those of our subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Property holding entities and other subsidiaries of which we own 100% of the equity or receive all of the economics are consolidated. We consolidate certain property holding entities and other subsidiaries in which we own less than a 100% equity interest if the entity is a variable interest entity and we are the primary beneficiary (as defined in Financial Accounting Standards Board ("FASB") Interpretation 46(R) *Consolidation of Variable Interest Entities*, an Interpretation of ARB No. 51, as revised ("FIN 46(R)")). We also consolidate those joint ventures of which we own less than 100% of the equity interest, if we receive substantially all of the economics or have the direct or indirect ability to control major decisions with regards to participating rights. Major decisions are defined in the respective joint venture agreements and generally include participating and protective rights such as decisions regarding annual operating budgets, the execution of major leases, encumbering a property with mortgage debt and whether to dispose of the properties.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

Investments in Real Estate

Rental property and improvements, including interest and other costs capitalized during construction, are included in investments in real estate and are stated at cost. Expenditures for ordinary repairs and maintenance are expensed as incurred. Significant renovations and improvements, which improve or extend the useful life of the assets, are capitalized. Rental property and improvements, excluding land, are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives by asset category are:

Asset Category	Estimated Useful Life
Building	18-59 years
Building improvements	3-40 years
Tenant improvements	Shorter of the asset's useful life or the non-cancelable term of lease
Furniture and fixtures	3-12 years

In accordance with Statement of Financial Accounting Standards No. 141 *Business Combinations* ("FAS 141"), we allocate the purchase price of real estate to land, building, in-place tenant improvements and intangible assets and liabilities (such as the value of above, below and at-market leases, origination costs associated with the in-place leases, and the value of tenant relationships, if any). The values of the above and below market leases are recorded to "deferred leasing costs and other related intangibles" and "other liabilities," respectively, in the consolidated balance sheets and are amortized and recorded as either a decrease (in the case of above market leases) or an increase (in the case of below market leases) to rental income over the remaining term of the associated lease. The value assigned to ground leases assumed upon acquisition of a property is recorded in "deferred leasing costs and other related intangibles" in the consolidated balance sheets and amortized to ground rent expense over the remaining term of the associated lease. The value, if any, associated with in-place leases and tenant relationships is recorded in "deferred leasing costs and other related intangibles" and amortized to amortization expense over the expected term, which includes an estimated probability of the lease renewal and its estimated term.

The weighted-average amortization period for the value assigned to in-place leases, origination costs and above/below market leases (excluding the value assigned to above/below market ground leases assumed upon acquisition) is seven years. The weighted-average amortization period for the value assigned to above/below market ground leases is 52 years. The table below shows the estimated aggregate amortization expense related to our intangible assets and liabilities over the next five years:

Year	(Dollars in thousands)
2006	$ 34,695
2007	21,139
2008	17,859
2009	15,622
2010	14,372
Total	$ 103,687

If a tenant vacates its space prior to the contractual termination of the lease or the estimated renewal term and no rental payments are being made on the lease, any unamortized balance of the related intangible asset or liability will be written off. The tenant improvements are depreciated and origination costs are amortized over the remaining term of the lease or charged against earnings if the lease is terminated prior to its contractual expiration date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

In accordance with FAS 141 and its applicability to acquired in-place leases, we engage a third party to perform the following procedures fo properties we acquire:

1) calculate the fair value of assumed debt, if any;

2) estimate the value of the real estate "as if vacant" or arrive at a "go dark" value as of the acquisition date;

3) calculate the value of the property and allocate that value among land, building, building improvements and equipment and determine the associated useful life for each;

4) calculate the value and associated life of the above and below market leases;

5) calculate the value and associated life of tenant relationships, if any, by taking the direct identifiable benefits of the tenant relationship and discounting them to present value;

6) estimate the fair value of the in-place tenant improvements, legal costs and leasing commissions incurred in obtaining the leases and calculate the associated useful lives; and

7) calculate the intangible value of the in-place leases and their associated useful lives.

We account for the impairment or disposal of long-lived assets in accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets* ("FAS 144"). Rental properties are individually evaluated for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (on an undiscounted basis) over the anticipated holding period is less than its historical cost. Upon determination that a permanent impairment has occurred, rental properties are reduced to their fair value. If a property is considered held for sale, a provision for loss is recognized if the fair value of the property, less the estimated cost to sell, is less than the carrying amount of the property. Depreciation and amortization expense ceases once a property is considered held for sale.

Developments in process are carried at cost, which includes land acquisition cost, architectural fees, general contractor fees, capitalized interest, internal costs related directly to the development and other costs related directly to the construction of the property. Depreciation is recorded when the property is placed in service, which typically occurs after a certificate of occupancy is obtained.

Land available for development is carried at cost and is not depreciated.

Investments in Unconsolidated Joint Ventures

Investments in unconsolidated joint ventures are accounted for using the equity method of accounting because we do not have majority control over the activities of the joint ventures but we do have substantive participating rights with respect to operating and financing policies. Our net equity investment is reflected on our consolidated balance sheets and our consolidated statements of operations include our share of net income or loss from the unconsolidated joint ventures. Any difference between the carrying amount of these investments and the historical cost of the underlying equity is primarily the result of a step-up in basis as a result of acquisitions. This increase in basis is depreciated generally over 40 years and is included in net income from unconsolidated joint ventures.

Deferred Leasing Costs

Deferred leasing costs consist primarily of costs incurred to execute new and renewal leases. Deferred leasing costs are amortized over the terms of the respective leases on a straight-line basis. We also record deferred leasing costs in accordance with FAS 141 when allocating the purchase price to acquired in-place leases and tenant relationships, if any (see *Investments in Real Estate* above).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

Deferred Financing Costs

Deferred financing costs consist primarily of fees paid for financing transactions. Deferred financing costs are amortized over the terms of the respective financings on a straight-line basis, which approximates the effective-yield method.

Revenue Recognition

We recognize revenue from rent, tenant reimbursements, parking and other revenue once all of the following criteria are met in accordance with SEC Staff Accounting Bulletin 104:

- the agreement has been fully executed and delivered;
- services have been rendered;
- the amount is fixed or determinable; and
- the collectibility of the amount is reasonably assured.

Rental Revenues

We record rental revenue on a straight-line basis as it is earned during the lease term. Certain leases provide for tenant occupancy during periods for which no rent is due or where minimum rent payments change during the lease term. Accordingly, a receivable is recorded representing the difference between the straight-line rent and the rent that is contractually due from the tenant. These amounts are classified as deferred rent receivable on the consolidated balance sheets. When a property is acquired, the terms of existing leases are considered to commence as of the acquisition date for purposes of this calculation. Deferred rental revenue included in rental revenue from continuing operations for the years ended December 31, 2005, 2004 and 2003 totaled $57.2 million, $73.1 million and $68.5 million, respectively. Deferred rental revenue is not recognized for income tax purposes.

We begin recognizing rental revenue when the tenant takes possession or controls the physical use of the leased space. In order for the tenant to take possession of the finished space, the leased space must be substantially ready for its intended use. When we are the owner of the tenant improvements, the leased space is ready for its intended use when the tenant improvements are substantially completed. In limited instances, when the tenant is the owner of the tenant improvements, straight-line rent is recognized when the tenant takes possession of the unimproved space.

The determination of who owns the tenant improvements is subject to significant judgment. In making that determination, we consider various factors, including, but not limited to:

- Whether the lease agreement specifies what or how the tenant improvement allowance is spent;
- Whether the tenant improvements are unique to the tenant or general-purpose in nature;
- Whether the ownership of the tenant improvements remains with the landlord or remains with the tenant at the end of the lease term;
- Who bears substantial construction risk and cost of the tenant improvements.

When we are the owner of the tenant improvements, we record our cost to construct the tenant improvements as an asset and depreciate the cost over the shorter of the asset's useful life or the non-cancelable lease term. To the extent we funded all or a portion of an improvement that is owned by the tenant, we treat the cost as a lease incentive and amortize the costs as a reduction to rental revenue on a straight-line basis over the term of the lease. Lease incentives may also include cash payments to or on behalf of tenants or

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

the buy-out of a prospective tenant's existing lease obligation with a third party and are amortized as a reduction to rental revenue on a straight-line basis over the term of the lease.

Tenant Reimbursement Revenues

Tenant reimbursements represent amounts due from tenants for items such as common area maintenance, real estate taxes, insurance, repairs and maintenance and other recoverable costs. Tenant reimbursement revenue is recognized as the related expenses are incurred.

Parking Revenues

Parking revenue represents amounts generated from contractual and transient parking at our office building garages. Revenue is recognized i accordance with contractual terms or as services are rendered.

Other Revenues

Other revenues primarily consist of income from early lease terminations. Income from early lease terminations represents amounts received from tenants (net of any deferred rent receivable) in connection with the early termination of their remaining lease obligations. If, upon termination of the lease, it is probable that the tenant will file for bankruptcy within 90 days, or if significant contingencies in the lease termination agreement exist, we will defer recognizing the lease termination fee as revenue until such uncertainties have been eliminated.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of certain tenants to meet the contractual obligations under their lease agreements. Management actively reviews receivables from tenants and determines the probability of collection for receivables identified as potentially uncollectible. The amount of the allowance is recorded net of any security deposits or outstanding letters of credit held by us from the tenant.

Cash Equivalents

Cash equivalents are highly liquid investments with a maturity of three months or less at the date of purchase.

Escrow Deposits and Restricted Cash

Escrow deposits primarily consist of amounts held by mortgage lenders to provide for future real estate tax expenditures and tenant improvements, earnest money deposits on acquisitions and proceeds from property sales that were executed as tax-deferred dispositions. Restricted cash represents amounts on deposit for various utility and security deposits.

Fair Value of Financial Instruments

Our debt consists of notes that have fixed and variable interest rates. The fair market value of variable rate debt approximates book value because the interest rate is based on LIBOR plus a spread, which approximates a market interest rate. As of December 31, 2005 and 2004, the fair value of our fixed-rate debt was \$0.7 billion and \$1.1 billion higher than the book value of \$10.8 billion and \$10.9 billion, respectively, primarily due to the general decrease in market interest rates on secured and unsecured debt since the date of issuance of our debt. In the determination of these fair values, we engage a third party and use internally developed models based on our estimates of current market conditions. The net present value of the difference between future contractual interest payments and future interest payments based on a current market rate

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

represents the difference between the book value and the fair value. The current market rates are determined by adding an estimated risk premium to the quoted yields on federal government debt securities with similar maturity dates to our own debt. The risk premium estimates are based on our historical experience in obtaining either secured or unsecured financing and are also affected by current market conditions.

In accordance with Statement of Financial Accounting Standards No. 133 *Accounting for Derivative Instruments and Hedging Activities* ("FAS 133"), the carrying values of interest rate swaps, as well as the underlying hedged liability, if applicable, are reflected at their fair value. We rely on quotations from a third party to determine these fair values.

In addition, the carrying values of cash equivalents, restricted cash, escrow deposits, tenant and other receivables, prepaid expenses and other assets, accounts payable and accrued expenses and other liabilities approximate their fair value.

Derivatives and Hedging Activities

We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert fixed rate debt to a floating rate basis, convert floating rate debt to a fixed rate basis or to hedge anticipated future financings. Amounts paid or received under these agreements are recognized as an adjustment to interest expense when such amounts are incurred or earned. For effective cash flow hedges, settlement amounts paid or received in connection with settled or unwound interest rate protection agreements and interest rate swap agreements are deferred and recorded to accumulated other comprehensive income and then amortized as an adjustment to interest expense over the remaining term of the related financing transaction. For effective fair value hedges, changes in the fair value of the derivative will be offset against the corresponding change in fair value of the hedged asset, liability, or firm commitment through net income or recognized in other comprehensive income until the hedged item is recognized in net income. The ineffective portion of a derivative's change in fair value will be recognized in net income. All derivative instruments are recorded at fair value. Derivatives that do not qualify for hedge accounting are recorded at fair value through net income.

Income Taxes

We are generally not liable for federal taxes because our partners recognize their proportionate share of our income or loss on their tax returns. Our properties are primarily owned by limited partnerships or limited liability companies, which are substantially pass-through entities. Some of the pass-through entities have corporate general partners or members, which are subject to federal and state income and franchise taxes. Our property management business, which provides management services to properties owned by third parties and provides certain other services to many of our properties, is owned by a corporation and is subject to federal and state income and franchise taxes.

Equity Office has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, Equity Office generally will not be subject to federal income tax if it distributes 100% of its annual taxable income to its shareholders. REITs are subject to a number of organizational and operational requirements. If Equity Office fails to qualify as a REIT in any taxable year, it will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. Even if Equity Office qualifies for taxation as a REIT, Equity Office may be subject to state and local income taxes and to federal income tax and excise tax on any undistributed income. In addition, taxable income from Equity Office's taxable REIT subsidiaries is subject to federal, state and local income taxes. The aggregate cost of land and depreciable property, net of accumulated tax depreciation, for federal income tax purposes as of December 31, 2005 and 2004 was $14.9 billion and $13.9 billion, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

Minority Interests — Partially Owned Properties

We consolidate certain properties that we control, but do not wholly own. The minority interest partners' share of the equity of these consolidated properties is reflected in the consolidated balance sheets as "Minority Interests — Partially owned properties." The net income from these properties attributable to the minority interest partners is reflected as "Minority Interests — Partially owned properties" in the consolidated statements of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150 *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("FAS 150"). FAS 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. FAS 150 is effective for all financial instruments created or modified after May 31, 2003, and otherwise is effective July 1, 2003. In November 2003, the FASB issued FSP No. FAS 150-3, which deferred for an indefinite period the classification and measurement provisions, but not the disclosure provisions, of FAS 150 as it relates to certain noncontrolling interests that are classified as equity in the financial statements of a subsidiary but would be classified as a liability in the parent's financial statements under FAS 150 (e.g., minority interests in consolidated limited-life subsidiaries).

We are the controlling partner in various consolidated entities having a minority interest book value of $92.7 million at December 31, 2005. The organizational documents of these entities contain provisions that require the entities to be liquidated through the sale of their assets upon reaching a future date as specified in each respective organizational document. As controlling partner, we have an obligation to cause these property owning entities to distribute proceeds of liquidation to the minority interest partners in these partially owned properties only if the net proceeds received by each of the entities from the sale of its assets warrant a distribution based on the agreements. In accordance with the disclosure provisions of FAS 150, we estimate the value of minority interest distributions would have been $155 million ("Settlement Value") had the entities been liquidated as of December 31, 2005. This Settlement Value is based on the estimated third party consideration realizable by the entities upon a hypothetical disposition of the properties and is net of all other assets and liabilities and yield maintenance (or prepayment penalties) associated with the hypothetical repayment of any mortgages encumbering the properties, that would have been due. The amount of any actual distributions to minority interest holders in our partially owned properties is very difficult to predict due to many factors, including the inherent uncertainty of real estate sales. If the entities' underlying assets are worth less than the underlying liabilities, we have no obligation to remit any consideration to the minority interest holders in partially owned properties.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the previously reported 2004 and 2003 statements in order to provide comparability with the 2005 statements reported herein. These reclassifications have not changed the 2004 or 2003 results of operations or combined partners' capital and mandatorily redeemable preferred units.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

Share Based Employee Compensation Plans

Effective January 1, 2003, we adopted Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("FAS 123"), which requires a fair value based accounting method for determining compensation expense associated with the issuance of share options and other equity awards. In accordance with Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure — an Amendment of FASB Statement No. 123*, we adopted FAS 123 using the prospective method, which requires the recognition of compensation expense based on the fair value method for share options and other equity awards granted on or after January 1, 2003 and for certain modifications made subsequent to December 31, 2002 to share options and other equity awards that were outstanding as of December 31, 2002.

The following table illustrates the unaudited effect on net income available to unitholders and earnings per unit if the fair value based method had been applied to all outstanding and unvested share options for the last three years. Compensation expense related to restricted share awards is not presented in the table below because the expense amount is the same under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"), which we applied prior to adopting FAS 123, and FAS 123 and, therefore, is already reflected in net income.

	For the years ended December 31,		
	2005	2004	2003
		(Dollars in thousands, except per unit amounts)	
Historical net income available to unitholders	$ 9,043	$ 109,961	$ 677,342
Add back compensation expense for share options included in historical net income available to unitholders	6,758	5,150	2,907
Deduct compensation expense for share options determined under fair value based method	(7,259)	(9,493)	(10,916)
Pro forma net income available to unitholders	$ 8,542	$ 105,618	$ 669,333
Earnings per unit — basic:			
Historical net income available to unitholders per unit	$ 0.02	$ 0.24	$ 1.50
Pro forma net income available to unitholders per unit	$ 0.02	$ 0.24	$ 1.49
Earnings per unit — diluted:			
Historical net income available to unitholders per unit	$ 0.02	$ 0.24	$ 1.50
Pro forma net income available to unitholders per unit	$ 0.02	$ 0.23	$ 1.48

Impact of New Accounting Standards

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* ("FAS 123 (R)"), which replaced FAS 123. FAS 123(R) requires compensation cost related to share-based payment transactions to be recognized in the financial statements. The provisions of FAS 123(R) may be adopted using either a modified-prospective or a modified-retrospective transition method. We will adopt FAS 123(R) effective January 1, 2006 using the modified-prospective method. Because we used a fair value based method of accounting for determining compensation expense associated with the issuance of all share options and other equity awards granted or modified after January 1, 2003, we do not expect the adoption of this standard will have a material effect on our results of operations and financial position. Had we adopted FAS 123(R) in prior periods, the impact of that standard would have

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

approximated the impact of FAS 123 as described in the disclosure of pro forma net income and earnings per unit above.

In June 2005, the FASB ratified the consensus in Emerging Issues Task Force 04-5, *Determining Whether a General Partner, or the Genera Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* ("EITF 04-5"), which states that the general partner in a limited partnership is presumed to control that limited partnership. This presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause ((2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that woul be expected to be made in the ordinary course of business and thereby preclude the general partner from exercising unilateral control over the partnership. EITF 04-5 is effective June 30, 2005 for new or modified limited partnership arrangements and effective January 1, 2006 for existin limited partnership arrangements. Although our adoption had no effect on net income available to unitholders or partners' capital, we will be required to consolidate certain existing joint ventures effective January 1, 2006 that we previously accounted for under the equity method. The consolidation of these joint ventures effective January 1, 2006 will result in an increase in total assets of $2 billion and total liabilities of $790 million (including mortgage debt of $680 million, our share of which is $307 million).

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections — a replacement of APB Opinion No. 20 and FASB Statement No. 3* ("FAS 154"). FAS 154 changes the requirements for the accounting and reporting of a change in accounting principle by requiring retrospective application to prior periods' financial statements, unless it is impracticable to do so. FAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We will apply the provisions of FAS 154 beginning January 1, 2006.

In March 2005, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations — an interpretation of FASB Statement No. 143* ("FIN 47"). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*, represents a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement is conditional on a future event that may or may not be within a company's control. Under this standard, a liability for a conditional asset retirement obligation must be recorded if the fair value of the obligation can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. Certain of our real estate assets contain asbestos. The asbestos is appropriately contained and we believe we are compliant with current environmental regulations. If these properties undergo major renovations or are demolished, certain environmental regulations are in place, which specify the manner in which the asbestos must be handled and disposed. As of December 31, 2005, we recorded an asset retirement obligation of $7.0 million related to asbestos at a redevelopment property we acquired in late 2005. We have asbestos at other properties, but because the obligations to remove the asbestos from these properties have indeterminable settlement dates, we are unable to reasonably estimate the fair value.

NOTE 3 — VARIABLE INTEREST ENTITIES

Under the provisions of FIN 46(R), which we adopted on January 1, 2004, we consolidated the assets, liabilities and results of operations of two properties, as follows:

SunAmerica Center

We consolidated SunAmerica Center, an office property comprising 780,063 square feet located in Century City, California. We own a 67% share of a $202.2 million mezzanine-level debt position, for which we paid $73.9 million in 1999. As a result of this ownership position, we determined we were the primary

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 3 — VARIABLE INTEREST ENTITIES — (Continued)

beneficiary of this variable interest entity. As of December 31, 2003, this investment was recorded as a note receivable and was included in other assets. The note matures in August 2014 and prior to then interest is payable based on available cash flow. Our maximum exposure to loss as a result of the investment is equivalent to the $73.9 million we invested in 1999 and an additional $2.5 million which we may be required to loan the entity in the event of a cash shortfall. Our payment recourse is limited to the mezzanine borrower's equity in the property.

As a result of the consolidation of SunAmerica Center, we recorded a cumulative effect of a change in accounting principle loss of $33.7 million in 2004. The effect on our assets and liabilities as a result of the consolidation of SunAmerica Center as of January 1, 2004 was:

	(Dollars in thousands)	
Investment in real estate	$	330,787
Accumulated depreciation	$	(31,219)
Mortgage debt	$	(203,225)
Net other assets and liabilities, including a net discount of $31,476	$	(130,040)(a)

(a) As of January 1, 2004, our joint venture partner's share of the mezzanine-level debt of $49.7 million is recorded in other liabilities, which is net of a discount of $31.5 million. Interest expense on the $66 million face amount of the joint venture partner's debt is accrued at 7.25% per annum and the discount is amortized to interest expense through the maturity of the mezzanine-level loan in 2014. The remaining debt of $15 million does not accrue interest.

Concar

We consolidated Concar, an office property comprising 218,985 square feet located in San Mateo, California. We owned a 79.96% economic interest in this property. As a result of this ownership position, we determined that we were the primary beneficiary of this variable interest entity, and therefore, we consolidated the property effective January 1, 2004. We sold our interest in this property in 2005.

The effect on our assets and liabilities as a result of the consolidation of Concar as of January 1, 2004 was:

	(Dollars in thousands)	
Investment in real estate	$	53,154
Accumulated depreciation	$	(1,274)
Investment in unconsolidated joint ventures	$	(54,731)
Minority Interests — partially owned properties	$	(3,054)
Net other assets and liabilities	$	5,905

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 4 — INVESTMENTS IN REAL ESTATE

The following major accounts comprise our real estate investments:

	December 31, 2005	December 31, 2004
	(Dollars in thousands)	
Land	$ 2,673,797	$ 2,947,605
Land available for development	176,868	252,524
Buildings	18,311,143	20,082,105
Building improvements	578,609	547,262
Tenant improvements	1,290,239	1,173,684
Furniture and fixtures	95,935	84,560
Developments in process	567,129	40,492
Investment in real estate held for sale, net of accumulated depreciation	75,211	163,390
Investments in real estate	23,768,931	25,291,622
Accumulated depreciation	(3,336,789)	(3,151,446)
Net investments in real estate	$ 20,432,142	$ 22,140,176

We have acquired whole or partial interests in the following properties since January 1, 2003:

Property	Location	Acquisition Date	Number of Buildings	Effective Office Portfolio Square Feet	Effective Office Portfolio Purchase Price(a) (Dollars in thousands)
2005:					
Office properties:					
Summit at Douglas Ridge I	Roseville, CA	January 21	1	92,941	$ 25,000
Park 22	Austin, TX	March 22	3	203,716	35,650
11111 Sunset Hills Road (fka XO Building)(b)	Reston, VA	May 4	1	216,469	50,700
Summit at Douglas Ridge II(c)	Roseville, CA	May 20	—	—	18,650
Shorebreeze I & II(b)(d)	Redwood City, CA	June 9	2	230,853	56,500
Research Park Plaza I & II	Austin, TX	June 16	2	271,882	55,000
Golden Gate Plaza	Novato, CA	June 30	2	114,364	24,499
Woodside Office Center	Novato, CA	June 30	1	89,031	23,950
1179 North McDowell	Petaluma, CA	June 30	1	53,846	9,200
Parkway Plaza (fka 3850 & 3880 Brickway)	Santa Rosa, CA	June 30	2	126,585	23,734
Oak Valley Business Center	Santa Rosa, CA	June 30	3	129,523	24,450
25 Mall Road	Burlington, MA	July 7	1	277,647	54,750
The Lakes	Santa Rosa, CA	July 19	5	135,332	21,505
333 Twin Dolphin Plaza	Redwood City, CA	July 28	1	185,285	52,700
Stonebridge Plaza II	Austin, TX	August 19	1	193,131	36,800
Clocktower Square(e)	Palo Alto, CA	September 27	4	97,133	41,250
1095 Avenue of the Americas(f)	New York, NY	September 29	—	—	504,600

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 4 — INVESTMENTS IN REAL ESTATE — (Continued)

				Effective Office Portfolio	
Property	Location	Acquisition Date	Number of Buildings	Square Feet	Purchase Price(a)
					(Dollars in thousands)
300 W. 6th Street	Austin, TX	October 4	1	446,637	131,685
Waterfall Towers(b)	Santa Rosa, CA	October 11	3	90,671	16,800
Redwood Business Park I(b)	Petaluma, CA	October 28	4	101,201	16,531
Redwood Business Park II(b)	Petaluma, CA	October 28	5	169,389	29,781
Redwood Business Park V(b)	Petaluma, CA	October 28	1	57,587	9,640
Fountaingrove I	Santa Rosa, CA	October 28	1	37,428	9,872
Redwood Business Park III (including vacant land)(b)	Petaluma, CA	November 2	2	144,000	26,648
Redwood Business Park IV (including vacant land)(b)	Petaluma, CA	November 2	1	66,656	13,750
Parkpoint Business Center(b)	Santa Rosa, CA	November 2	5	67,869	11,225
211 Perimeter Center	Atlanta, GA	November 10	1	225,447	43,500
Great Hills Plaza	Austin, TX	December 21	1	135,333	16,240
		Total office properties:	55	3,959,956	1,384,610
Vacant land:					
Two Main Place	Portland, OR	March 14	—	—	7,600
Other:					
375 Park Avenue Mezzanine Loan(g)	New York, NY	October 19	—	—	50,000
		Total 2005 acquisitions:	55	3,959,956	$ 1,442,210
2004:					
Office properties:					
1301 Avenue of the Americas(h)	New York, NY	February/ April	—	274,212	$ 151,132
American Center	Tyson's Corner, VA	May 25	2	328,741	60,500
500 Orange Tower(i)	Orange, CA	May 25	—	—	50
Yahoo! Center (fka Colorado Center)(j)	Santa Monica, CA	July 30	6	545,545	221,785
717 Fifth Avenue(k)	New York, NY	September 8	1	323,984	160,500
Olympus Corporate Centre	Roseville, CA	September 22	4	191,494	37,923
Redstone Plaza(l)	Newport Beach, CA	September 23	2	166,562	38,000
Commerce Plaza(l)	Oakbrook, IL	September 23	3	510,757	99,000
5800 & 6000 Meadows	Lake Oswego, OR	September 30	2	198,347	49,000
La Jolla Executive Tower	La Jolla, CA	November 17	1	227,570	70,500
Westech 360	Austin, TX	November 19	4	178,777	28,604
Shoreline Office Center(e)	Mill Valley, CA	December 14	2	97,910	19,175
Foundry Square II(m)	San Francisco, CA	December 30	—	60,129	2,700
		Total office properties:	27	3,104,028	938,869

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 4 — INVESTMENTS IN REAL ESTATE — (Continued)

Property	Location	Acquisition Date	Number of Buildings	Effective Office Portfolio Square Feet	Effective Office Portfolio Purchase Price(a) (Dollars in thousands)
Vacant land:					
Station Oaks Landing	Walnut Creek, CA	January 14	—	—	15
Dulles Station(n)	Herndon, VA	September 15	—	—	7,600
La Jolla Centre III & IV	San Diego, CA	December 22	—	—	5,526
		Total vacant land:	—	—	13,141
		Total 2004 acquisitions:	27	3,104,028	$ 952,010
2003:					
Office properties:					
The John Hancock Complex(o)	Boston, MA	May 21	—	—	$ 25,132
U.S. Bank Tower	Denver, CO	August 12	1	485,902	80,200
Key Center(p)	Bellevue, WA	September 10	—	94,586	15,600
225 West Santa Clara Street	San Jose, CA	December 31	1	343,391	103,041
		Total office properties:	2	923,879	223,973
Vacant land:					
Parkshore Plaza Phase V	Folsom, CA	September 30	—	—	3,423
Other:					
Riverside Centre Land	Portland, OR	August 15	—	—	360
		Total 2003 acquisitions:	2	923,879	$ 227,756

(a) The purchase price shown above represents the gross purchase price related to property acquisitions, of which $84.2 million, $85.3 million and $21.9 million were recorded to intangible assets during the years ended December 31, 2005, 2004 and 2003, respectively. The purchase price shown above for the year ended December 31, 2004 also includes our share of the intangible assets associated with properties acquired in 2004 that we account for under the equity method, which was $20.1 million.

The allocations of the purchase prices and other costs related to the acquisition of tangible and intangible assets are estimates and are subject to adjustment within one year of the closing date of each respective acquisition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 4 — INVESTMENTS IN REAL ESTATE — (Continued)

(b) The purchase price includes the assumption of the following mortgage debt:

Property	Principal Balance (Dollars in thousands)	Coupon Rate	Effective Rate	Maturity Date
11111 Sunset Hills Road	$ 22,546	6.12%	4.97%	July 2008
Shorebreeze I & II	22,428	4.19%	5.43%	March 2007
Waterfall Towers	7,739	6.08%	5.58%	January 2013
Redwood Business Park I	10,389	7.41%	5.87%	August 2011
Redwood Business Park II	18,227	7.41%	5.86%	August 2011
Redwood Business Park V	6,439	7.41%	5.85%	August 2011
Redwood Business Park III	15,096	7.46%	5.95%	August 2011
Redwood Business Park IV	8,193	7.41%	5.92%	August 2011
Parkpoint Business Center	7,429	5.53%	5.62%	January 2015
Total	$ 118,486			

The effective rates shown in the table above include the effects of recording the assumed debt at fair value and transaction costs.

(c) Summit at Douglas Ridge II, which consists of one building comprising 93,349 square feet, is classified as a development property and, therefore, is not included in the total number of buildings or total square footage statistics.

(d) The purchase price for Shorebreeze I & II includes the issuance of 108,190 Units valued at $3.3 million.

(e) This property is subject to a ground lease.

(f) 1095 Avenue of the Americas, which consists of one building comprising 1,020,000 square feet, is classified as a development property and, therefore, is not included in the total number of buildings or total square footage statistics.

(g) In October 2005, we invested $50.0 million in junior mezzanine debt as part of a debt refinancing on the 375 Park Avenue property located in New York, NY. The mezzanine debt bears interest at a rate of 8.95% and matures in 2015. We account for this investment as a note receivable, which is included in "Prepaid expenses and other assets" on the consolidated balance sheet.

(h) In 2004, we acquired certain partners' interests in 1301 Avenue of the Americas for $68.2 million and we assumed our partner's share of the mortgage notes of $83.0 million. This property was previously accounted for under the equity method. As a result of these transactions, our economic interest in the joint venture is 100% and effective February 2004, we consolidated the property. The mortgage debt encumbering this property upon consolidation was $534.3 million.

(i) In May 2004, we acquired our partner's interest in the 500 Orange office property by issuing 1,930 Units valued at $50,000.

(j) In July 2004, we acquired a 50% interest in Yahoo! Center for $221.8 million and account for our investment under the equity method (see Note 7 — Investments in Unconsolidated Joint Ventures).

(k) This property consists of both office and retail space. We acquired the office space, except for the fourth floor.

(l) These properties were acquired through a like-kind exchange transaction in which we disposed of certain industrial properties (see Note 5 — Gains/ Losses on Sales of Real Estate, Provisions for Loss on Assets Held for Sale and Impairments).

(m) In December 2004, we acquired our partner's 12.5% interest in Foundry Square II for $2.7 million. Following this transaction, we owned 100% of this property. We subsequently sold this property in 2005.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 4 — INVESTMENTS IN REAL ESTATE — (Continued)

(n) In September 2004, we acquired a 70% interest in Dulles Station for $7.6 million. We subsequently sold our interest in this joint venture in 2005 (see Note 14 — Minority Interests in Partially Owned Properties).

(o) In May 2003, we acquired 8.1% of the equity in the joint venture that owns The John Hancock Complex in Boston, Massachusetts for $25.0 million. The investment in the joint venture is accounted for under the cost method of accounting because we own a noncontrolling interest in the property. Our investment is included in "Prepaid expenses and other assets" in the consolidated balance sheets. In 2005, we received $17.3 million of cash proceeds from additional mortgage financing placed on this property, which effectively reduced our book basis investment in the joint venture.

(p) In September 2003, we acquired the remaining 20% equity interest in Key Center from Wright Runstad Associates Limited Partnership ("WRALP") and affiliates in exchange for our 30% equity interest in WRALP and a cash payment by us of $7.9 million. This property was previously accounted for under the equity method. As a result of this acquisition, effective September 2003, we consolidated the property.

NOTE 5 —GAINS/ LOSSES ON SALES OF REAL ESTATE, PROVISIONS FOR LOSS ON ASSETS HELD FOR SALE AND IMPAIRMENTS

Sales of Real Estate

During the last three years, we sold whole or partial interests in the following properties:

	For the years ended December 31, 2005	2004	2003
Office Properties and Vacant Land Parcels(a)(b):			
Number of buildings	131	5	53
Number of vacant land parcels	5	1	4
Effective Office Portfolio:			
Square feet	17,644,205	1,922,755	7,543,381
Sales price (in thousands)	$ 2,736,505	$ 252,194	$ 1,517,779
Industrial Properties(c):			
Number of buildings	—	71	2
Square feet	—	5,125,622	216,900
Sales price (in thousands)	—	$ 432,033	$ 11,850

(a) The number of buildings sold during the years ended December 31, 2005, 2004 and 2003 exclude the sale of partial interests in two buildings, two buildings, and 13 buildings, respectively.

The number of buildings and square feet sold during the year ended December 31, 2005 excludes eight buildings comprising 0.2 million square feet relating to properties previously taken out of service, which were no longer included in building and square footage statistics. Properties taken out of service represent office properties we are no longer attempting to lease and may be sold in the future or redeveloped.

The sales price shown for the year ended December 31, 2003 also includes the disposition of 32 residential units, which are excluded from the number of buildings shown above.

(b) During the year ended December 31, 2004, we sold our 3% interest in an office property that we accounted for under the cost method. This property is excluded from the number of buildings and square feet shown above.

(c) Of the 71 industrial properties disposed of during 2004, 29 were sold in a single transaction to an unrelated party for $73.3 million in cash (before closing costs) and two office properties valued at

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 5 — GAINS/ LOSSES ON SALES OF REAL ESTATE, PROVISIONS FOR LOSS ON ASSETS HELD FOR SALE AND IMPAIRMENTS — (Continued)

$137.0 million for total consideration of $210.3 million (35% monetary/65% nonmonetary). The net book value of the 29 industrial properties sold was $198.0 million. This transaction was accounted for as a like-kind exchange transaction, which also included cash. Because the transaction included a monetary and nonmonetary component, we recognized a gain on sale of $3.6 million on the monetary portion of the transaction. The nonmonetary portion of this transaction yielded no gain or loss. The remaining book value of the industrial properties, or $130.0 million, represents the book value of the two office properties acquired in the transaction. The two office properties acquired are Commerce Plaza and Redstone Plaza, as further described in Note 4 — Investments in Real Estate.

Gains/ Losses on Sales of Real Estate, Provisions for Loss on Assets Held for Sale and Impairments

During the years ended December 31, 2005, 2004 and 2003, we recognized gains/losses on sales of real estate, provisions for loss on assets held for sale and impairments, as follows:

	For the years ended December 31,		
	2005	2004	2003
		(Dollars in thousands)	
Gains on partial sales of real estate included in Income from Continuing Operations	$ 46,308	$ 21,901	$ 99,110
Gain on sales of real estate included in Discontinued Operations	184,916	7,596	61,953
Minority interests' share of gains on sales of real estate	(29,699)	(214)	—
Our share of gains on sales of real estate classified as income from unconsolidated joint ventures	26,499	—	7,063
Our share of the gains on sales of real estate	$ 228,024	$ 29,283	$ 168,126
Impairment on properties anticipated to be sold deducted from Income from Continuing Operations	$ (65,738)	$ (38,534)	$ —
Discontinued Operations:			
Impairment on properties sold	(153,265)	(190,636)	(7,500)
Loss on properties sold	(169,566)	—	—
Provision for loss on properties held for sale	(37,432)	(2,123)	—
Total non-cash charge	$ (426,001)	$ (231,293)	$ (7,500)

2005

Due to favorable market conditions, our previously announced disposition program was accelerated in 2005 and expanded to include certain non-strategic assets in core markets. As a result, we reduced our intended holding period for 63 assets comprising 7.0 million square feet and several land parcels and recognized non-cash impairment charges of $219.0 million ($65.7 million of this charge is included in continuing operations and $153.3 million is included in discontinued operations). The fair values of these assets were calculated either by discounting estimated future cash flows and sales proceeds, based on the sales price contained in the respective sales contracts or based on market comparables.

In addition, we recognized provisions for loss of $37.4 million to write-down the carrying value of seven assets comprising 2.5 million square feet deemed held for sale during the year to their fair value less costs to sell. The fair values less costs to sell for these properties were determined based on the sales prices and estimated transaction costs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 5 —GAINS/ LOSSES ON SALES OF REAL ESTATE, PROVISIONS FOR LOSS ON ASSETS HELD FOR SALE AND IMPAIRMENTS — (Continued)

2004

During 2004, in order to reposition our portfolio for long-term growth, we announced a program to dispose of certain assets in non-core markets over a five-year period, as market conditions warrant. After an in-depth review of our portfolio on an asset-by-asset basis, we reduced our intended holding period for 96 non-core assets comprising 17.7 million square feet due to our intent to sell these assets over a five-year period. Based on our analysis of the future cash flows of each asset over the shortened holding period, we determined that 46 of the assets comprising 2.8 million square feet were permanently impaired. The difference between the fair value (calculated either by discounting estimated future cash flows and sales proceeds or utilizing market comparables) and the net book value was $229.2 million, which was reflected as a non-cash impairment charge in 2004 ($38.5 million of this charge is included in continuing operations and $190.6 million is included in discontinued operations).

We also recognized a provision for loss of $2.1 million to write-down the carrying value of one building comprising 0.3 million square feet deemed held for sale at December 31, 2004 to its fair value less costs to sell. The fair value less costs to sell for this property was determined based on the sales price and estimated transaction costs.

2003

During 2003, we determined that one office property was permanently impaired based on our analysis of the future cash flows. As a result, we recognized a non-cash impairment charge of $7.5 million, which reduced the book value of the property to its fair value of $3.8 million. Fair value was determined as the present value of estimated future cash flows including residual proceeds. This office property was sold in 2005; therefore the impairment loss is included in discontinued operations.

Deferred Gain

During 2005, we deferred the recognition of a $25.6 million gain on the sale of one office property until 2006. We sold the office property for $76.3 million and received $10 million of cash consideration from the buyer in December 2005. We loaned the buyer $66.3 million to finance the remaining portion of the sales price. The loan had a term of 60 days and bore interest at LIBOR plus 1.70%, with an option to extend the term for an additional 60 days at an interest rate of LIBOR plus 2.20%. We accounted for this loan as a note receivable, which is included in "Prepaid expenses and other assets" on the consolidated balance sheet at December 31, 2005, and deferred recognition of the gain on sale of this property until January 2006 when the loan was repaid. The gain was deferred in accordance with the provisions of Statement of Financial Accounting Standards No. 66, *Accounting for Sales of Real Estate*, because the buyer's initial investment of $10 million was not deemed adequate to demonstrate the buyer's commitment to pay for the property. The deferred gain of $25.6 million is included in "Prepaid expenses and other assets" on the consolidated balance sheet, as an offset against the related note receivable at December 31, 2005 (see Note 25 — Subsequent Events).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 5 —GAINS/ LOSSES ON SALES OF REAL ESTATE, PROVISIONS FOR LOSS ON ASSETS HELD FOR SALE AND IMPAIRMENTS — (Continued)

Properties Held for Sale

The following properties were classified as held for sale as of December 31, 2005 and December 31, 2004:

Property	Location	Disposition Date	Number of Buildings	Effective Office Portfolio Square Feet
As of December 31, 2005:				
120 Montgomery	San Francisco, CA	1/20/2006	1	430,523
3001 Stender Way(a)	Santa Clara, CA	(a)	1	61,825
8-16 Perimeter	Atlanta, GA	2/17/2006	5	65,350
		Total	7	557,698
As of December 31, 2004:				
Northland Plaza	Bloomington, MN	1/4/2005	1	296,967

(a) This disposition is subject to certain contingencies and is expected to close in the first quarter of 2006.

The net (loss) income for properties sold and properties held for sale is reflected in the consolidated statements of operations as Discontinued Operations for the periods presented. The properties that were partially sold are not reflected as Discontinued Operations in accordance with FAS 144. Below is a summary of the results of operations for properties classified as Discontinued Operations:

	For the years ended December 31,		
	2005	2004	2003
		(Dollars in thousands)	
Property operating revenues	$ 161,969	$ 354,788	$ 453,641
Expenses:			
Depreciation and amortization	47,676	105,442	112,890
Property operating	66,782	139,016	158,209
Ground rent	2,413	4,555	78
Impairment	153,265	190,636	7,500
Total expenses	270,136	439,649	278,677
Operating (loss) income	(108,167)	(84,861)	174,964
Other income (expense):			
Interest income	340	263	315
Interest expense and amortization of deferred financing costs and prepayment expenses	(619)	(2,717)	(14,051)
Total other (expense) income	(279)	(2,454)	(13,736)
(Loss) income before income taxes, allocations to minority interests, net gain on sales of real estate and provision for (loss) on properties held for sale	(108,446)	(87,315)	161,228
Income taxes	(62)	(36)	123
(Income) loss allocated to minority interests — partially owned properties (including gain on sales of real estate of $29,699, $214 and $0, respectively)	(30,365)	(929)	1,155
Net gain on sales of real estate	15,350	7,596	61,953
Provision for (loss) on properties held for sale	(37,432)	(2,123)	—
Net (loss) income	$ (160,955)	$ (82,807)	$ 224,459
Property net operating income from discontinued operations	$ 95,187	$ 215,772	$ 295,432

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 5 —GAINS/ LOSSES ON SALES OF REAL ESTATE, PROVISIONS FOR LOSS ON ASSETS HELD FOR SALE AND IMPAIRMENTS — (Continued)

For the properties sold during 2005 and included in discontinued operations, the investments in real estate, net of accumulated depreciation, and mortgage debt balances were $2.5 billion and $61.7 million, respectively, at December 31, 2004.

NOTE 6 —REALIZED GAIN ON SETTLEMENT OF DERIVATIVES AND SALE OF MARKETABLE SECURITIES

2004

In May 2004, we settled five forward-starting interest rate swaps that had a combined notional amount of $500 million and recognized a gain of $24.0 million (see Note 12 — Derivative Financial Instruments).

In July 2004, we disposed of our investment in common shares of Capital Trust and recognized a gain of $2.3 million (see Note 21 — Related Party Transactions).

We also recognized a gain of $2.7 million from the sale of other securities during 2004.

2003

We recognized a gain of $8.1 million from the sale of common stock received in connection with an early lease termination and an additional $1.2 million due to the sale of other securities.

NOTE 7 — INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The properties listed below are owned by us and other unaffiliated parties in joint ventures, which we account for using the equity method. Our ownership interest shown for each period below represents our economic interest in the office properties from which we derive the net income we recognize in accordance with GAAP. Net income, cash flow from operations and capital transactions for these properties are allocated to us and our joint venture partners in accordance with the respective partnership agreements.

Property	Location	Total Office Portfolio Square Feet	Effective Office Portfolio Square Feet	Our Ownership Interest as of December 31, 2005	2004
One Post Office Square	Boston, MA	765,296	382,648	50%	50%
75-101 Federal Street	Boston, MA	813,195	419,704	51.61%	51.61%
Rowes Wharf	Boston, MA	344,645	151,644	44%	44%
10 & 30 South Wacker	Chicago, IL	2,003,288	1,502,466	75%	75%
Chase Center (fka Bank One Center)(a)	Indianapolis, IN	—	—	—	25%
Pasadena Towers	Los Angeles, CA	439,366	109,842	25%	25%
Promenade II	Atlanta, GA	774,344	387,172	50%	50%
SunTrust Center(b)	Orlando, FL	640,741	160,185	25%	25%
Preston Commons(c)	Dallas, TX	—	—	—	50%
Sterling Plaza(c)	Dallas, TX	—	—	—	50%
Columbia Center (fka Bank of America Tower)	Seattle, WA	1,545,008	774,049	50.1%	50.1%
One Post	San Francisco, CA	421,121	210,561	50%	50%
161 North Clark(d)	Chicago, IL	1,010,520	252,630	25%	25%
Prominence in Buckhead(d)	Atlanta, GA	424,309	106,077	25%	25%
World Trade Center East(d)	Seattle, WA	186,912	46,728	25%	25%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 7 — INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES — (Continued)

Property	Location	Total Office Portfolio Square Feet	Effective Office Portfolio Square Feet	Our Ownership Interest as of December 31,	
				2005	2004
Treat Towers(d)	Walnut Creek, CA	367,313	91,828	25%	25%
Parkshore Plaza I(d)	Folsom, CA	114,356	28,589	25%	25%
Parkshore Plaza II(d)	Folsom, CA	155,497	38,874	25%	25%
Bridge Pointe Corporate Center I & II(d)	San Diego, CA	372,653	93,163	25%	25%
1111 19th Street(d)	Washington, DC	252,014	50,403	20%	20%
1620 L Street(d)	Washington, DC	156,272	31,254	20%	20%
1333 H Street(d)	Washington, DC	244,585	48,917	20%	20%
Yahoo! Center (fka Colorado Center)(e)	Santa Monica, CA	1,087,628	543,814	50%	50%
1601 Market Street(f)	Philadelphia, PA	681,289	74,942	11%	11%
1700 Market Street(f)	Philadelphia, PA	841,172	92,529	11%	11%
201 Mission Street(g)	San Francisco, CA	483,289	120,822	25%	100%
580 California(g)	San Francisco, CA	313,012	78,253	25%	100%
Foundry Square IV(h)	San Francisco, CA	—	—	—	—
	Total	14,437,825	5,797,094		

(a) In 2005, we sold our 25% interest in Chase Center (fka Bank One Center), which consisted of two office buildings comprising 1,057,877 square feet, for $45.0 million (which includes the transfer of $16.3 million of mortgage debt encumbering this property to the buyer).

(b) In December 2005, the joint venture refinanced the mortgage debt encumbering the SunTrust Center. The new mortgage debt has a principal balance of $77.0 million, bears interest at a fixed coupon rate of 5.34% and matures in January 2016. Our share of the principal balance is $19.3 million. Our share of the prior mortgage, which bore interest at a variable rate based on LIBOR plus 80 basis points, was $12.5 million.

(c) In 2005, we sold our 50% interest in Preston Commons and Sterling Plaza, which consisted of four office buildings comprising 721,351 square feet, for $69.2 million.

(d) In December 2003, we sold partial interests in these office properties for $596.5 million.

(e) In July 2004, we acquired a 50% interest in Yahoo! Center for $221.8 million. In 2005, the joint venture obtained a $250 million mortgage financing, which bears interest at a fixed coupon rate of 5.27% and matures in October 2015. Our share of the principal balance is $125.0 million.

(f) In November 2004, we sold partial interests in these office properties for $172.2 million. We account for our remaining interest under the equity method of accounting because we have participating rights with respect to certain significant policies.

(g) In July 2005, we sold partial interests in these office properties for $162.8 million.

(h) In 2000, we formed a joint venture with Wilson Investors to develop, construct, lease and manage Foundry Square IV, a 225,490 square foot office building located in San Francisco, California. Through the sale of the office building in July 2003, we disposed of our 40% indirect interest. Our share of the gain on the sale of the property was $7.1 million and is included in income from investments in unconsolidated joint ventures. Our share of the gross proceeds from the sale was $56.6 million, which includes the repayment of a $44.5 million construction loan. Wilson Investors' share of the proceeds was $17.1 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 7 — INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES — (Continued)

Combined summarized financial information for our unconsolidated joint ventures is as follows:

	December 31, 2005	December 31, 2004
	(Dollars in thousands)	
Balance Sheets:		
Assets:		
Real estate, net of accumulated depreciation	$ 3,002,906	$ 3,068,975
Other assets	356,016	343,075
Total Assets	$ 3,358,922	$ 3,412,050
Liabilities and Partners' and Shareholders' Equity:		
Mortgage debt(a)	$ 1,138,455	$ 931,976
Other liabilities	151,303	138,010
Partners' and shareholders' equity	2,069,164	2,342,064
Total Liabilities and Partners' and Shareholders' Equity	$ 3,358,922	$ 3,412,050
Our share of historical partners' and shareholders' equity	$ 878,225	$ 1,032,664
Net excess of cost of investments over the net book value of underlying net assets (net of accumulated depreciation of $21,303 and $22,797, respectively)(b)	69,764	84,479
Carrying value of investments in unconsolidated joint ventures	$ 947,989	$ 1,117,143
Our share of unconsolidated non-recourse mortgage debt	$ 473,725	$ 361,032

(a) Our share of the scheduled principal payments on non-recourse mortgage debt through maturity as of December 31, 2005 is as follows:

Year	Dollars in thousands
2006	$ 52,217
2007	3,999
2008	18,610
2009	11,645
2010	96,174
Thereafter	291,080
Total	$ 473,725

(b) This amount represents the aggregate difference between the Company's historical cost basis and the basis reflected at the joint venture level, which is typically amortized over the life of the related asset. The basis differentials occur primarily upon the transfer of assets that were previously owned by the Company into a joint venture or the acquisition of partial interests in joint ventures by us.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 7 — INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES — (Continued)

	For the years ended December 31, 2005	2004	2003
		(Dollars in thousands)	
Statements of Operations:			
Revenues	$ 528,273	$ 485,770	$ 472,124
Expenses:			
Interest expense and loan cost amortization	55,732	45,026	75,289
Depreciation and amortization	132,819	121,722	92,196
Operating expenses, ground rent and general and administrative expenses	252,804	204,567	180,087
Total expenses	441,355	371,315	347,572
Net income before gain on sale of real estate	86,918	114,455	124,552
Gain on sale of real estate	39,585	—	43,255
Net income	$ 126,503	$ 114,455	$ 167,807
Our share of:			
Net income	$ 68,996	$ 50,304	$ 79,882
Interest expense and loan cost amortization	$ 22,015	$ 21,319	$ 50,059
Depreciation and amortization (real estate related)	$ 50,823	$ 46,621	$ 53,208
Gain on sale of real estate	$ 26,499	$ —	$ 7,063

NOTE 8 — LEASE TERMINATION

In 2005, we executed amendments to a lease that reduced a tenant's space at the 1301 Avenue of the Americas office property, located in New York, NY, from 564,000 square feet to 217,000 square feet. In connection with these amendments, we recognized lease termination income of $53.2 million, which is included in "Other revenues" in the consolidated statements of operations.

NOTE 9 — MORTGAGE DEBT

Payments on mortgage debt are generally due in monthly installments of principal and interest or interest only. The historical cost, net of accumulated depreciation, of encumbered properties at December 31, 2005 and 2004 was $4.0 billion and $5.0 billion, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 9 — MORTGAGE DEBT — (Continued)

During the last two years, the following transactions occurred:

	For the years ended December 31, 2005	2004
	(Dollars in thousands)	
Balance at beginning of year(a)	$ 2,622,750	$ 2,329,552
Repayments and scheduled principal amortization(b)	(1,077,322)	(438,828)
Assumed through property acquisitions (see Note 4 — Investments in Real Estate)	118,486	534,256
Recorded in connection with the consolidation of a property (see Note 3 — Variable Interest Entities)	—	203,225
Repaid upon sale of property	(13,386)	(5,455)
Refinancing(c)	150	—
Issuances(d)	518,705	—
Balance at end of year(a)	$ 2,169,383	$ 2,622,750

(a) Excludes net discounts on mortgage debt of $5.2 million and $13.7 million as of December 31, 2005 and 2004, respectively.

(b) During 2005, we repaid mortgage debt on the following properties: Sixty State Street, Island Corporate Center, San Mateo BayCenter II, 1740 Technology, One Market, Central Park, Perimeter Center and 1301 Avenue of the Americas. During 2004, we repaid mortgage debt on the following properties: 580 California, BP Tower, 110 Atrium Place, Fremont Bayside, Industrial Drive Warehouse, John Marshall and Worldwide Plaza.

(c) During 2005, we refinanced the mortgage debt encumbering the Washington Mutual Tower property. The new mortgage has a principal balance of $79.25 million, bears interest at a fixed coupon rate of 4.55% and matures in June 2010. The prior mortgage had a principal balance of $79.1 million, bore interest at a fixed coupon rate of 7.53% and was scheduled to mature in November 2005. The effective interest rate on the new debt is 4.56% as compared to 7.77% on the prior mortgage.

During 2005, we also refinanced the mortgage debt encumbering the Wells Fargo Center property. The new mortgage has a principal balance of $110 million, bears interest at LIBOR plus 55 basis points and matures in January 2011. The prior mortgage bore interest at a fixed coupon rate of 8.74%. The effective interest rate on the new debt is LIBOR plus 68 basis points as compared to 7.97% on the prior mortgage.

(d) During 2005, we obtained mortgage financing for the 1301 Avenue of the Americas property. The financing includes senior mortgage debt and a mezzanine loan. The senior mortgage debt has a principal balance of $420.8 million, bears interest at a fixed coupon rate of 5.37% and matures in January 2016. The mezzanine loan has a principal balance of $65.8 million, bears interest at LIBOR plus 90 basis points and matures in January 2009. The effective interest rates on the senior mortgage debt and the mezzanine loan are 5.39% and 5.36%, respectively, as of December 31, 2005.

Prior to the disposition of the San Felipe Plaza property in 2005, the property was encumbered by a 5.81% mortgage note with an outstanding principal balance of $47.8 million that was scheduled to mature in 2013. The lender agreed to substitute the 1300 North 17th Street property, located in Arlington, Virginia, as replacement collateral. As a result, no prepayment penalty was incurred. The terms of the mortgage note were otherwise unchanged as a result of this transaction. In December 2005, we obtained additional mortgage financing on the 1300 North 17th Street property. This additional mortgage has a principal balance of $32.1 million, bears interest at a fixed coupon rate of 6.03% and an effective interest rate of 6.07%. The mortgage matures in January 2013.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 9 — MORTGAGE DEBT — (Continued)

The table below summarizes our mortgage debt outstanding at December 31, 2005 and 2004:

	December 31, 2005	December 31, 2004
	(Dollars in thousands)	
Balance		
Fixed interest rate mortgage debt	$ 1,993,562	$ 2,516,554
Variable interest rate mortgage debt	175,821	106,196
Subtotal	2,169,383	2,622,750
Net discount on mortgage debt	(5,185)	(13,683)
Total mortgage debt	$ 2,164,198	$ 2,609,067
Weighted average effective interest rate at end of period		
Fixed interest rate mortgage debt(a)	7.01%	7.80%
Variable interest rate mortgage debt(b)	5.17%	5.53%
Effective interest rate	6.86%	7.71%

(a) As of December 31, 2005 and 2004, the effective interest rates on the fixed interest rate mortgage debt ranged from 4.56% to 8.51% and 5.81% to 8.51%, respectively.

(b) As of December 31, 2005, the effective interest rates on the variable interest rate mortgage debt ranged from 5.06% to 5.36%.

Repayment Schedule

Our mortgage debt matures at various times through January 2016. As of December 31, 2005, scheduled principal payments through maturity are as follows:

Year	Dollars in thousands
2006	$ 108,704
2007	263,018
2008	158,178
2009	630,698
2010	264,076
Thereafter	744,709
Total	$ 2,169,383

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 10 — UNSECURED NOTES

During the last two years, the following transactions occurred:

2005:

Unsecured Notes — Issued:

Original Term	Month of Issuance	Amount	Coupon Rate	Effective Rate(a)	Year of Maturity
		(Dollars in thousands)			
2 Years to 4 Years	January	$ 6,221	3.45% – 4.15%	3.76% – 4.39%	2007-2009
2 Years to 4 Years	February	3,220	3.70% – 4.15%	4.01% – 4.39%	2007-2009
3 Years to 5 Years	March	4,997	4.05% – 4.75%	4.33% – 5.00%	2008-2010
2 Years to 4 Years	April	7,672	4.30% – 4.80%	4.61% – 5.04%	2007-2009
2 Years to 6 Years	June	6,426	4.10% – 4.63%	4.41% – 4.87%	2007-2011
3 Years to 4 Years	July	4,722	4.40% – 4.55%	4.68% – 4.79%	2008-2009
3 Years to 6 Years	September	5,739	4.40% – 4.70%	4.68% – 4.92%	2008-2011
3 Years to 6 Years	October	1,805	4.55% – 5.00%	4.83% – 5.22%	2008-2011
Less Issuance Costs		(253)			
Net Proceeds		$40,549			

Unsecured Notes — Repaid:

Month Repaid	Amount	Coupon Rate	Effective Rate(a)
	(Dollars in thousands)		
February	$ 125,000	6.88%	6.40%
February	400,000	6.63%	4.99%
July	100,000	8.00%	6.49%
September	50,000	7.36%	7.69%
Total/ Weighted Average	$ 675,000	6.93%	5.67%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 10 — UNSECURED NOTES — (Continued)

2004:

Unsecured Notes — Issued:

Original Term	Month of Issuance	Amount	Coupon Rate	Effective Rate(a)	Year of Maturity
		(Dollars in thousands)			
10 Years	March	$ 1,000,000	4.75%	4.25%	2014
10 Years	May	45,000	3.16%(b)	3.26%	2014
4 Years to 6 Years	June	4,342	4.75% – 5.25%	4.98% – 5.46%	2008 – 2010
4 Years to 6.5 Years	July	17,570	3.70% – 5.15%	3.97% – 5.36%	2008 – 2011
6 Years	October	800,000	4.65%	4.81%	2010
6 Years	October	200,000	2.64%(b)	2.77%	2010
4 Years	October	3,771	3.80% – 4.00%	4.04% – 4.24%	2008
2 Years to 4 Years	November	1,677	3.30% – 3.90%	3.61% – 4.14%	2006 – 2008
2 Years to 4.5 Years	December	6,894	3.35% – 4.10%	3.66% – 4.34%	2006 – 2009
Less Issuance Costs		(17,275)			
Net Proceeds		$ 2,061,979			

Unsecured Notes — Repaid:

Month Repaid	Amount	Coupon Rate	Effective Rate(a)
	(Dollars in thousands)		
January	$ 300,000	6.50%	4.59%
January	100,000	6.90%	6.27%
May	200,000	6.80%	6.10%
June	250,000	6.50%	5.31%
September	30,000	7.24%	7.26%
November	325,000(c)	7.25%	7.64%
Total/ Weighted Average	$ 1,205,000	6.80%	6.02%

The table below summarizes the unsecured notes outstanding as of December 31, 2005:

Original Term	Coupon Rate	Effective Rate(a)	Principal Balance	Maturity Date
			(Dollars in thousands)	
Fixed Rate Unsecured Notes:				
6 Years	8.38%	7.65%	$ 500,000	03/15/06
9 Years	7.44%	7.74%	50,000	09/01/06
10 Years	7.13%	6.74%	100,000	12/01/06
9 Years	7.00%	6.80%	1,500	02/02/07
9 Years	6.88%	6.83%	25,000	04/30/07
9 Years	6.76%	6.76%	300,000	06/15/07
10 Years	7.41%	7.70%	50,000	09/01/07
7 Years	7.75%	7.91%	600,000	11/15/07

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 10 — UNSECURED NOTES — (Continued)

Original Term	Coupon Rate	Effective Rate(a)	Principal Balance (Dollars in thousands)	Maturity Date
10 Years	6.75%	6.97%	150,000	01/15/08
10 Years	6.75%	7.01%	300,000	02/15/08
10 Years	6.80%	6.94%	500,000	01/15/09
10 Years	7.25%	7.14%	200,000	05/01/09
11 Years	7.13%	6.97%	150,000	07/01/09
10 Years	8.10%	8.22%	360,000	08/01/10
6 Years	4.65%	4.81%	800,000	10/01/10
10 Years	7.65%	7.20%	200,000	12/15/10
10 Years	7.00%	6.83%	1,100,000	07/15/11
10 Years	6.75%	7.02%	500,000	02/15/12
10 Years	5.88%	5.98%	500,000	01/15/13
10 Years(d)	4.75%	5.54%	1,000,000	03/15/14
20 Years	7.88%	8.08%	25,000	12/01/16
20 Years	7.35%	8.08%	200,000	12/01/17
20 Years	7.25%	7.54%	250,000	02/15/18
30 Years	7.50%	8.24%	150,000	10/01/27
30 Years	7.25%	7.31%	225,000	06/15/28
30 Years	7.50%	7.55%	200,000	04/19/29
30 Years	7.88%	7.94%	300,000	07/15/31
EOP InterNotes(e)	4.30%	4.56%	75,056	11/15/06 – 10/15/11
Total/ Weighted Average Fixed Rate Unsecured Notes	6.67%	6.80%	8,811,556	
Variable Rate Unsecured Notes:				
6 Years	4.65%	4.78%	200,000	10/01/10
10 Years	5.17%	5.27%	45,000	05/27/14
Total/ Weighted Average Variable Rate Unsecured Notes	4.75%	4.87%	245,000	
Total/ Weighted Average Unsecured Notes	6.62%	6.75%	9,056,556	
Net Discount on Unsecured Notes			(23,936)	
Total Unsecured Notes			$ 9,032,620	

(a) Includes the effect of settled interest rate protection and interest rate swaps, offering and transaction costs and premiums and discounts.

(b) The $45 million notes have a variable interest rate of LIBOR plus 77.5 basis points plus an additional 10 basis points attributed to loan costs. The $200 million notes have a variable interest rate of LIBOR plus 60 basis points plus an additional 13 basis points attributed to loan costs.

(c) In November 2004, we redeemed our 7.25% Senior Exchangeable Notes due November 15, 2008. The total paid on the redemption date was the principal amount of $325 million plus accrued interest. In conjunction with the redemption, we expensed $5.3 million of unamortized loan costs, which are included

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 10 — UNSECURED NOTES — (Continued)

in amortization of deferred financing costs and prepayment expenses on the consolidated statements of operations.

(d) In March 2004, we entered into four interest rate swaps that each had a notional amount of $250 million for a combined notional amount of $1 billion that effectively converted these notes to a variable interest rate based on the 6-month LIBOR rate. One of the interest rate swaps was terminated during June 2005 and the remaining swaps were terminated in September 2005. The termination of the swaps effectively converted the notes back to a fixed interest rate (see Note 12 — Derivative Financial Instruments).

(e) In June 2004, we launched a new program allowing for the issuance of up to $500 million of unsecured medium-term notes for sale to retai investors through licensed brokers ("EOP InterNotes"). The rates shown are weighted average rates. The coupon rates on the EOP InterNotes range from 3.30% to 5.25%. Including all offering expenses, the all-in effective rates of the EOP InterNotes range from 3.61% to 5.46%.

Restrictions and Covenants under Unsecured Notes

The terms of our unsecured notes contain financial covenants described below. As of December 31, 2005, we believe we were in compliance with each of these financial covenants. If we fail to comply with any of these covenants, the indebtedness could become due and payable before its stated due date.

Set forth below are the financial covenants to which we are subject under our unsecured note indentures as of December 31, 2005:

Covenants (in each case as defined in the respective indenture)

- Debt to Adjusted Total Assets may not be greater than 60%;
- Secured Debt to Adjusted Total Assets may not be greater than 40%;
- Consolidated Income Available for Debt Service to Annual Debt Service Charge may not be less than 1.50:1; and
- Total Unencumbered Assets to Unsecured Debt may not be less than 150% (a)

(a) The unsecured notes we assumed in the merger with Spieker, of which $1.2 billion are still outstanding at December 31, 2005, are subject to a minimum ratio of 165%.

NOTE 11 — LINES OF CREDIT

Line of Credit

In August 2005, we obtained a $1.25 billion revolving line of credit, which bore interest at LIBOR plus 47.5 basis points and had an annual facility fee of 15 basis points, or $1.875 million. The $1.25 billion line of credit matures in August 2009. We have one option to extend the maturity date for an additional year for an extension fee of $1.875 million. The previously existing $1.0 billion line of credit that was scheduled to mature in May 2006 (which bore interest at LIBOR plus 60 basis points plus an annual facility fee of 20 basis points) terminated in August 2005 effective with the first funding of the $1.25 billion line of credit. As a result of a downgrade in our debt rating in December 2005, the interest rate on the $1.25 billion line of credit increased to LIBOR plus 60 basis points and the annual facility fee increased to 20 basis points, or $2.5 million. As of December 31, 2005 and 2004, $881 million and $548 million was outstanding under our $1.25 billion and $1.0 billion line of credit facility, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 11 — LINES OF CREDIT — (Continued)

Bridge Facilities

In October 2005, we obtained and fully drew upon a $500 million unsecured term loan facility, bearing interest at LIBOR plus 45 basis point (the spread is subject to change based on our credit rating) and is scheduled to mature in October 2006. As a result of a downgrade in our debt rating in December 2005, the interest rate on the term loan facility increased to LIBOR plus 55 basis points. In December 2005, we entered into an amendment that increased the facility to $750 million with an option to draw an additional $250 million, which was exercised in January 2006 (see Note 25 — Subsequent Events). As of December 31, 2005, $750 million was outstanding under this facility.

In February 2005, we obtained a $250 million unsecured term loan facility, which bore interest at LIBOR plus 35 basis points and was scheduled to mature in February 2006. We repaid and terminated the term loan facility in July 2005.

In July 2004, we obtained a $500 million unsecured term loan facility, which bore interest at LIBOR plus 65 basis points and had an annual facility fee of $750,000 payable quarterly. This credit facility had a term of 364 days and was terminated in October 2004.

In December 2003, we obtained a $1.0 billion unsecured term loan facility, which bore interest at LIBOR plus 65 basis points and had an annual facility fee of $1.5 million payable quarterly. This credit facility had a term of 364 days and was terminated in March 2004.

Financial Covenants

The terms of our line of credit and term loan facility contain financial covenants summarized below. As of December 31, 2005, we believe we were in compliance with each of these financial covenants. If we fail to comply with any of these covenants, the indebtedness could become due and payable before its stated date.

- total debt to total asset value may not exceed 0.60:1 at any time and, in certain circumstances, may not exceed 0.65:1;
- cash flow to fixed charges may not be less than 1.5:1;
- secured debt to total asset value may not exceed 0.40:1;
- unsecured debt to unencumbered asset value may not exceed 0.60:1 and, in certain circumstances, may not exceed 0.65:1; and
- our investments in unimproved assets, developments, joint venture interests, mortgages and securities, and properties which constitute primarily warehouse distribution facilities, in the aggregate, may not exceed 30% of our total asset value.

NOTE 12 — DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps

In March 2004, we entered into four fixed-to-floating interest rate swaps that had a combined notional amount of $1.0 billion in order to hedge $1.0 billion of unsecured notes issued in March 2004. We were the variable interest rate payer and the counterparty was the fixed rate payer. The swaps effectively converted the unsecured notes to a variable interest rate based on LIBOR plus 43 basis points plus an additional 79 basis points for loan costs, which were incurred when the notes were issued. These swaps were terminated in 2005. By converting the $1.0 billion of unsecured notes from a fixed interest rate to a variable interest rate, we reduced interest expense by $16.0 million during the period that these swaps were in place. The swaps were deemed perfectly effective fair value hedges because the periodic settlement dates and other key terms corresponded to the dates and other key terms of the hedged unsecured notes. In June 2005, we terminated

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 12 — DERIVATIVE FINANCIAL INSTRUMENTS — (Continued)

one of these swaps in the notional amount of $250 million at no cost to us. In September 2005, we paid $8.7 million to terminate the remaining $750 million of swaps. This amount was recorded as a discount on the $1.0 billion unsecured notes and is being amortized to interest expense over their remaining term. These terminations effectively converted the $1.0 billion of unsecured notes issued in March 2004 back to a fixed interest rate.

The fixed-to-floating interest rate swaps were reflected on the consolidated balance sheets at market value. The hedged unsecured notes were adjusted on the consolidated balance sheets by the amount that they changed in value due to changes in interest rates during the hedged period. The market value of the swaps at December 31, 2004 represented a liability of $29.5 million and was included in other liabilities. The corresponding market adjustment to the hedged unsecured notes was recorded as a discount on the unsecured notes. There are no swaps outstanding at December 31, 2005.

Forward-Starting Interest Rate Swaps

As of December 31, 2003, we had forward-starting interest rate swaps with a combined notional amount of $1.3 billion outstanding. All of the forward-starting interest rate swaps were terminated in 2004, as follows:

- In May 2004, we settled five forward-starting interest rate swaps with a combined notional amount of $500 million and recognized a gain of $24.0 million, which is classified as "realized gain on settlement of derivatives and sale of marketable securities" on the consolidated statements of operations. The swaps were entered into in 2003 to hedge an unsecured note offering that was expected to occur in June 2004, but did not occur. The market value of these swaps at December 31, 2003 represented an asset of $11.1 million which was recorded in other assets with a corresponding adjustment to accumulated other comprehensive income.
- In conjunction with the issuance of $1.0 billion of 4.75% unsecured notes in March 2004 due March 2014, we paid $69.1 million to settle four forward-starting interest rate swaps that had a combined notional amount of $800 million that were previously entered into to hedge the interest rate of the $1.0 billion notes. $0.2 million of the settlement amount was immediately recognized in interest expense because the hedge was not perfectly effective and the remaining $68.9 million was charged to accumulated other comprehensive income. The amount charged to accumulated other comprehensive income is being amortized to interest expense over the 10-year term of the hedged notes. The market value of these swaps at December 31, 2003 represented a liability of $21.5 million which was recorded in other liabilities and a corresponding adjustment to accumulated other comprehensive income.
- $6.8 million will be reclassified from accumulated other comprehensive income to interest expense in 2006 related to amortization of net payments on settlements of forward starting interest rate swaps.

NOTE 13 — IMPACT OF HURRICANE KATRINA

In August 2005, One Lakeway Center, Two Lakeway Center, and Three Lakeway Center located in Metairie, LA sustained extensive damage due to Hurricane Katrina. As a result, we recorded $10.6 million of property damage and lost $1.9 million of rental revenue during the third quarter 2005. During the fourth quarter 2005, we revised our previous estimate with respect to the extent of the property damage and recorded an additional $20.9 million of expenses due to increased costs related to clean up and remediation and greater than expected wind damage, primarily to windows. The total property damage of $31.5 million is classified as "Insurance expense" on the consolidated statement of operations. We also lost an additional $2.4 million of rental revenue during the fourth quarter 2005, resulting in a total loss of $4.3 million of revenues during the year ended December 31, 2005. These losses are not covered by third-party insurance because we are self-insured up to $50 million as discussed further in Note 24. While we believe that the assumptions used to determine estimated damages as a result of Hurricane Katrina are reasonable, actual results could differ from these estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 14 — MINORITY INTERESTS IN PARTIALLY OWNED PROPERTIES

The assets, liabilities and results of operations of the following properties are consolidated because we receive substantially all of the economics or have the direct or indirect ability to control major decisions, except for SunAmerica Center (see Note 3 — Variable Interest Entities).

The amounts shown below approximate our economic ownership interest for the periods presented. Net income, cash flow from operations and capital transactions are allocated to us and our minority interest partners in accordance with the respective partnership agreements. Our share of these items is subject to change based upon, among other things, the operations of the property and the timing and amount of capital transactions.

Property	Location	Total Office Portfolio Square Feet	Effective Office Portfolio Square Feet	Our Economic Interest As of December 31, 2005	2004
Joint Ventures with Contractual Termination Dates:					
The Plaza at La Jolla Village	San Diego, CA	635,419	423,634	66.7%	66.7%
222 Berkley Street	Boston, MA	519,608	475,441	91.5%	91.5%
500 Boylston Street	Boston, MA	706,864	646,781	91.5%	91.5%
Wells Fargo Center	Minneapolis, MN	1,117,439	838,079	75.0%	75.0%
Ferry Building(a)	San Francisco, CA	243,812	243,812	100.0%	100.0%
2951 28th Street	Santa Monica, CA	85,000	83,300	98.0%	98.0%
San Felipe Plaza(b)	Houston, TX	—	—	—	100.0%
Four Forest Plaza(b)	Dallas, TX	—	—	—	100.0%
Market Square	Washington, D.C.	681,051	681,051	100.0%	100.0%
One Ninety One Peachtree Tower	Atlanta, GA	1,215,288	1,215,288	100.0%	100.0%
Brea Corporate Plaza	Brea, CA	117,195	117,195	100.0%	100.0%
Northborough Tower(b)	Houston, TX	—	—	—	100.0%
Sixty State Street	Boston, MA	823,014	823,014	100.0%	100.0%
Worldwide Plaza Amenities	New York, NY	108,391	108,391	100.0%	100.0%
Total Joint Ventures with Contractual Termination Dates:		6,253,081	5,655,986		
Joint Ventures without Contractual Termination Dates:					
Water's Edge(b)	Playa Vista, CA	—	—	—	87.5%
Park Avenue Tower	New York, NY	568,060	568,060	100.0%	100.0%
850 Third Avenue	New York, NY	568,867	563,178	99.0%	99.0%
Washington Mutual Tower	Seattle, WA	1,207,823	905,867	75.0%	75.0%
1301 Avenue of the Americas	New York, NY	1,765,694	1,765,694	100.0%	100.0%
SunAmerica Center	Century City, CA	780,063	524,772	67.27%	67.27%
Concar(b)	San Mateo, CA	—	—	—	79.96%
Dulles Station(b)	Herndon, VA	—	—	—	70.0%
Total Joint Ventures without Contractual Termination Dates:		4,890,507	4,327,571		
Total:		11,143,588	9,983,557		

(a) A joint venture between us and other unaffiliated parties leased the Ferry Building from the City and County of San Francisco, through its Port Commission (the "Port"). Under this lease, the Port is paid a stated base rent. In addition, once the joint venture has received from the project a cumulative preferred

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 14 — MINORITY INTERESTS IN PARTIALLY OWNED PROPERTIES — (Continued)

return of 8% (prior to stabilization) and 11% (after stabilization), then 50% of the proceeds from the operation and ownership of the project are paid to the Port as percentage rent.

The joint venture redeveloped the Ferry Building in a manner to permit the use of federal rehabilitation tax credits ("Historic Tax Credits"). Since the original members of the joint venture could not take full advantage of the Historic Tax Credits, the joint venture admitted a new member who could do so. This investor member contributed $24.7 million in equity and is entitled to a 3% preferred return. This investor member's interest is subject to put/call rights during 2009 and 2010. Upon the purchase of the investor member's interest pursuant to the put/call, it is estimated that the joint venture will retain $11 million of the capital contributed by the investor member (based on a formula to determine the purchase price for the investor member's interest and after taking into account the preferred return that will have been paid to the investor member by such time).

Through the creation of a master lease, our effective ownership percentage in the net cash flow of the Ferry Building project is 100% after the payment to the Port of the percentage rent described above and the distribution of the preferred returns.

(b) During 2005, we sold our entire interests in these properties.

NOTE 15 — PARTNERS' CAPITAL AND MANDATORILY REDEEMABLE PREFERRED UNITS

Units

The following table presents the changes in the issued and outstanding Units since January 1, 2004:

	For the years ended December 31,	
	2005	2004
Outstanding at January 1,	451,337,142	449,492,618
Repurchased and retired under Equity Office's open market repurchase program (at an average purchase price of $30.68 and $25.80 per unit, respectively)(a)	(30,986,900)	(1,260,600)
Repurchased and retired under Equity Office's Supplemental Retirement Savings Plan (at an average purchase price of $31.44 and $29.44 per unit, respectively)	(267,410)	(152,630)
Repurchased in 2004 under Equity Office's Supplemental Retirement Savings Plan, but retired in 2005 (at an average purchase price of $29.63 per unit)	(25,728)	—
Issued to Equity Office upon exercise of share options	5,256,055	2,489,462
Units redeemed to satisfy tax withholding obligations	(5,046)	(10,074)
Units redeemed for cash (at an average purchase price of $30.67 and $28.03 per unit, respectively)	(1,843,164)	(139,256)
Issued to Equity Office related to restricted shares issued to employees, net of cancellations	720,612	915,692
Units issued as compensation for Equity Office's Board of Trustee fees	20,915	—
Issued to Equity Office upon conversion of 70 Series B Preferred Units	98	—
Units issued in connection with a property acquisition (see Note 4 — Investments in Real Estate)	108,190	1,930
Outstanding at December 31,	424,314,764	451,337,142

(a) Under Equity Office's open market repurchase program announced in July 2002, as amended, Equity Office has been authorized to repurchase in the open market or in privately-negotiated transactions up to

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 15 —PARTNERS' CAPITAL AND MANDATORILY REDEEMABLE PREFERRED UNITS — (Continued)

$2.1 billion of Common Shares through May 31, 2006. As of December 31, 2005, $557.3 million of Common Shares are available for repurchase under the program. Common Shares repurchased to fund Equity Office's employee benefit programs, including the Employee Share Purchase Plan and Supplemental Retirement Savings Plan, are not considered part of the repurchase program. During the years ende December 31, 2005 and 2004, 30,986,900 and 1,260,600 Common Shares were repurchased under Equity Office's open market purchase program for $950.7 million and $32.5 million, respectively. In conjunction with such repurchases, we purchased from Equity Office and retired a corresponding number of Units for an aggregate cash purchase price equal to the aggregate purchase price for all Common Share repurchases.

Ownership of EOP Partnership

As of December 31, 2005 and 2004, Equity Office had a 1% general partnership interest and an 88.7% and 88.5% limited partnership interes in us, respectively. The remaining limited partners had a 10.3% and 10.5% interest in us, respectively, and consist of various individuals and entities that contributed their properties in exchange for partnership interests. Each of our limited partners, excluding Equity Office, may, subject to certain limitations, require that we redeem its Units. Under our partnership agreement, Equity Office has the right to assume directly and satisfy the redemption right of a limited partner by issuing its Common Shares or cash in exchange for any Units tendered for redemption. If Equity Office does not assume our obligation to redeem the Units, upon redemption, the limited partner will receive cash in an amount equal to the market value of the Common Shares for which the Units would have been redeemed if Equity Office had elected to assume and satisfy our obligation by paying Common Shares. Under an assignment and assumption agreement entered into on June 29, 2001, if Equity Office elects to assume directly and satisfy the redemption right of a limited partner, we are entitled to make the election as to whether Equity Office issues Common Shares or cash in exchange for Units tendered for redemption.

Distributions

The quarterly distribution through the fourth quarter of 2005 was $0.50 per Unit. For the years ended December 31, 2005, 2004 and 2003, the per unit distributions were $2.00.

Mandatorily Redeemable Preferred Units

Under the terms of the Series B Convertible, Cumulative Redeemable Preferred Units ("Series B Preferred Units"), in connection with any redemption by Equity Office of its outstanding 5.25% Series B Convertible, Cumulative Redeemable Preferred Shares ("Series B Preferred Shares"), we are obligated to provide to Equity Office cash equal to the redemption price and one Series B Preferred Unit is required to be cancelled with respect to each Series B Preferred Share redeemed by Equity Office. The Series B Preferred Shares are mandatorily redeemable by Equity Office on February 15, 2008 at a price of $50.00 per share, plus accumulated and unpaid distributions at the redemption date, if any.

Preferred Units

We have $212.5 million of Series G Cumulative Redeemable Preferred Units outstanding as of December 31, 2005 and 2004. We are the original issuer of these preferred units and have recorded the associated $7.0 million of deferred issuance costs to partners' capital. Upon any redemption of these preferred units, we will recognize the deferred issuance costs as an additional preferred distribution in accordance with EITF Topic D-42 *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock.* The preferred unitholders are entitled to receive, when and as authorized by the Board of Trustees of Equity Office, cumulative preferential cash distributions at an annual distribution rate

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 15 —PARTNERS' CAPITAL AND MANDATORILY REDEEMABLE PREFERRED UNITS — (Continued)

of 7.75% or $1.9375 per unit. We are obligated to redeem the preferred units at their liquidation preference plus all accrued distributions in connection with any redemption by Equity Office of the corresponding series of Equity Office preferred shares. Equity Office may, but is not obligated to, redeem the corresponding series of its preferred shares in whole or in part on or after July 29, 2007 at a cash redemption price equal to $25.00 per share plus all accrued dividends at the redemption date, if any. Equity Office may redeem the corresponding series of its preferred shares during these periods solely out of the sale proceeds of other equity shares of Equity Office, except for the portion of the redemption price equal to any accrued but unpaid dividends. Under our partnership agreement, sale proceeds from the sale of shares by Equity Office must be contributed to us in exchange for additional units. The number of shares redeemed is limited to the aggregate sales proceeds received from such other equity shares of Equity Office. Equity Office may acquire any outstanding preferred shares that have been transferred to a charitable beneficiary under Article VII of the declaration of trust of Equity Office because they were owned or acquired by a shareholder of Equity Office in violation of the ownership limits. If Equity Office redeems or acquires any or all of its outstanding preferred shares, we will redeem and cancel an equal number of preferred units and provide cash to Equity Office with respect thereto in an amount equal to the amount paid with respect to the Equity Office preferred shares redeemed or acquired by Equity Office. We are not subject to sinking fund requirements pertaining to the preferred units.

The annual per unit distributions were as follows:

	For the years ended December 31, 2005	2004	2003
Series B	$ 2.625	$ 2.625	$ 2.625
Series C(a)	$ —	$ 0.12578125	$ 2.15625
Series E(b)	$ —	$ —	$ 1.3015625
Series F(c)	$ —	$ —	$ 1.00
Series G	$ 1.9375	$ 1.9375	$ 1.9375

(a) In January 2004, Equity Office redeemed all of its 4,562,900 outstanding 8.625% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest ("Series C Preferred Shares"). The Series C Preferred Shares were redeemed at a redemption price of $25.00 per share for an aggregate redemption price of $114.1 million. The deferred issuance costs of $4.1 million were reflected as a preferred distribution. In connection with such redemption, we redeemed all of the Series C Preferred Units from Equity Office.

(b) In June 2003, Equity Office redeemed all of its 6,000,000 outstanding 7.875% Series E Cumulative Redeemable Preferred Shares, which were issued in connection with the Spieker Merger, at a redemption price of $25.00 per share for an aggregate redemption price of $151.9 million, which includes $1.9 million of accrued and unpaid distributions. In connection with such redemption, we redeemed all of the Series E Preferred Units from Equity Office.

(c) In June 2003, Equity Office redeemed all of its 4,000,000 outstanding 8.0% Series F Cumulative Redeemable Preferred Shares, which were issued in connection with the Spieker Merger, at a redemption price of $25.00 per share for an aggregate redemption price of $100.0 million. In connection with such redemption, we redeemed all of the Series F Preferred Units from Equity Office.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 15 —PARTNERS' CAPITAL AND MANDATORILY REDEEMABLE PREFERRED UNITS — (Continued)

Accumulated Other Comprehensive Loss

The table below summarizes the changes in accumulated other comprehensive loss over the past three years and the accumulated balances by item:

	Forward-Starting Interest Rate Swaps					Investments in Marketable Securities		
	Unrealized holding (losses) gains	Reversal of unrealized holding (gain) loss on settlements	Proceeds (payments) from settlements	Reclassification of ineffective portion of swap settlement payment to net income	Amortization of (proceeds) payments from settlements	Unrealized holding gains (losses) from investments	Reclassification adjustment for realized losses (gains) from investments included in net income	Total Accumulated Other Comprehensive Loss
	(Dollars in thousands)							
Balance at December 31, 2002	$ (18,611)	$ —	$ —	$ —	$ —	$ 280	$ 116	$ (18,215
Change during the period	8,930	(768)	768	—	(73)	848	(1,142)	8,562
Balance at December 31, 2003	(9,682)	(768)	768	—	(73)	1,128	(1,026)	(9,653
Change during the period	(34,665)	45,115	(69,130)	212	5,206	23	(31)	(53,270
Balance at December 31, 2004	(44,347)	44,347	(68,362)	212	5,133	1,151	(1,057)	(62,923
Change during the period	—	—	—	—	6,815	(250)	—	6,565
Balance at December 31, 2005	$ (44,347)	$ 44,347	$ (68,362)	$ 212	$ 11,948	$ 901	$ (1,057)	$ (56,358

NOTE 16 — FUTURE MINIMUM RENTS

Future minimum rental receipts due on noncancelable operating leases as of December 31, 2005 were as follows:

Year	Dollars in thousands
2006	$ 2,356,994
2007	2,164,140
2008	1,917,083
2009	1,632,476
2010	1,331,385
Thereafter	3,889,649
Total	$ 13,291,727

We are subject to the usual business risks associated with the collection of the above scheduled rents. The future minimum rental receipts due on noncancelable operating leases from our joint ventures accounted for under the equity method are not included.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 17 — FUTURE MINIMUM LEASE PAYMENTS

Certain properties are subject to ground leases. Some of these leases require rental payment increases based upon the appraised value of the property at specified dates, increases in pricing indexes or certain financial calculations based on the operations of the respective property. Any incremental changes in the rental payments as a result of these adjustments are not included in the table below because the amount of the change is not determinable. Future minimum lease obligations under these noncancelable leases and our corporate office lease as of December 31, 2005 were as follows:

Year	Dollars in thousands
2006	$ 22,124
2007	22,119
2008	21,855
2009	21,644
2010	21,733
Thereafter	1,211,027
Total	$ 1,320,502

Rental expense deducted in calculating income from continuing operations for the years ended December 31, 2005, 2004 and 2003 was $27.2 million, $25.0 million and $24.2 million, respectively. Of the total rental expense recorded in the years ended December 31, 2005, 2004 and 2003, $22.5 million, $20.9 million and $20.2 million is included in ground rent expense in the consolidated statements of operations and $4.7 million, $4.1 million and $4.0 million is included in corporate general and administrative expense, respectively.

NOTE 18 — EARNINGS PER UNIT

The following table sets forth the computation of basic and diluted earnings per unit:

	For the years ended December 31,		
	2005	2004	2003
	(Dollars in thousands, except per unit amounts)		
Numerator:			
Income from continuing operations	$ 204,801	$ 265,558	$ 504,755
Preferred distributions	(34,803)	(39,093)	(51,872)
Income from continuing operations available to unitholders	169,998	226,465	452,883
Discontinued operations (including net gain on sales of real estate and provision for (loss) on properties held for sale of $(22,082), $5,473 and $61,953, respectively)	(160,955)	(82,807)	224,459
Cumulative effect of a change in accounting principle	—	(33,697)	—
Numerator for basic and diluted earnings per unit — net income available to unitholders	$ 9,043	$ 109,961	$ 677,342
Denominator:			
Denominator for basic earnings per unit — weighted average Units outstanding	448,346,887	448,919,302	450,594,465
Effect of dilutive potential units:			
Units issuable upon exercise of Equity Office share options and restricted shares	3,699,568	2,077,945	1,966,888
Denominator for diluted earnings per unit — weighted average Units outstanding and dilutive potential units	452,046,455	450,997,247	452,561,353

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 18 — EARNINGS PER UNIT — (Continued)

	For the years ended December 31, 2005	2004	2003
	(Dollars in thousands, except per unit amounts)		
Earnings per unit — basic:			
Income from continuing operations available to unitholders	$ 0.38	$ 0.50	$ 1.01
Discontinued operations	(0.36)	(0.18)	0.50
Cumulative effect of a change in accounting principle	—	(0.08)	—
Net income available to unitholders(a)	$ 0.02	$ 0.24	$ 1.50
Earnings per unit — diluted:			
Income from continuing operations available to unitholders	$ 0.38	$ 0.50	$ 1.00
Discontinued operations	(0.36)	(0.18)	0.50
Cumulative effect of a change in accounting principle	—	(0.07)	—
Net income available to unitholders(a)	$ 0.02	$ 0.24	$ 1.50

(a) Net income available to unitholders per unit may not total the sum of the per unit components due to rounding.

The following securities were not included in the diluted earnings per unit computation because they would have had an antidilutive effect:

Antidilutive Securities	Weighted Average Exercise Price	For the years ended December 31, 2005	2004	2003
Share options	$ 32.960	562,765	—	—
Share options	$ 29.134	—	15,153,748	—
Share options	$ 29.220	—	—	13,436,967
Series B Preferred Units(b)	$ 35.700	8,389,265	8,389,354	8,389,354
Total		8,952,030	23,543,102	21,826,321

(b) The amounts shown represent the resulting Units upon conversion (see Note 15 — Partners' Capital and Mandatorily Redeemable Preferred Units).

For additional disclosures regarding employee share options and restricted shares, see Note 2 — Summary of Significant Accounting Policies and Note 22 — Share-Based Employee Compensation Plans.

NOTE 19 — SEGMENT INFORMATION

As discussed in Note 1, our primary business is the ownership and operation of office properties, which represents our only reportable segment. The primary financial measure that our chief operating decision makers use for our office properties is property net operating income, which represents rental revenue, tenant reimbursements, parking and other operating revenues less real estate taxes, insurance, repairs and maintenance and property operating expense (all as reflected in the accompanying consolidated statements of operations). We believe that property net operating income is helpful to investors as a supplemental measure of our operating performance because it represents the actual operating results of our properties. Total assets consists primarily of the assets in our office properties operating segment. There are other assets such as

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 19 — SEGMENT INFORMATION — (Continued)

corporate furniture, fixtures and equipment that are not associated with the office property segment, but these assets are immaterial.

	As of or for the years ended December 31,		
	2005	2004	2003
		(Dollars in thousands)	
Property Operating Revenues:			
Rental	$ 2,340,922	$ 2,278,286	$ 2,224,934
Tenant reimbursements	422,436	403,816	405,290
Parking	114,057	108,061	103,107
Other(a)	105,434	69,643	76,628
Total Property Operating Revenues	2,982,849	2,859,806	2,809,959
Property Operating Expenses:			
Real estate taxes	339,006	324,481	305,588
Insurance	59,567	29,521	19,846
Repairs and maintenance	340,904	312,928	297,677
Property operating	441,834	390,454	370,487
Total Property Operating Expenses	1,181,311	1,057,384	993,598
Property Net Operating Income from Continuing Operations	$ 1,801,538	$ 1,802,422	$ 1,816,361
Property Operating Margin from Continuing Operations(b)	60.4%	63.0%	64.6%
Reconciliation of Property Net Operating Income from Continuing Operations to Income from Continuing Operations:			
Property Net Operating Income from Continuing Operations	$ 1,801,538	$ 1,802,422	$ 1,816,361
Add: Fee income	17,740	14,226	15,861
Less:			
Depreciation	(656,102)	(614,748)	(561,033)
Amortization	(93,663)	(72,954)	(56,428)
Ground rent	(22,517)	(20,912)	(20,227)
Corporate general and administrative	(66,536)	(52,242)	(62,479)
Impairment	(65,738)	(38,534)	—
Operating Income	914,722	1,017,258	1,132,055
Less:			
Other expenses	(815,672)	(811,660)	(791,592)
Income taxes	272	(1,981)	(5,429)
Minority interests — partially owned properties	(9,825)	(10,264)	(9,271)
Add:			
Income from investments in unconsolidated joint ventures (including gain on sales of real estate of $26,499, $0 and $7,063, respectively)	68,996	50,304	79,882
Gain on sales of real estate	46,308	21,901	99,110
Income from Continuing Operations	$ 204,801	$ 265,558	$ 504,755
Capital and tenant improvements and lease commissions	$ 471,020	$ 565,538	$ 545,183
Investments in unconsolidated joint ventures	$ 947,557	$ 1,116,748	$ 1,128,175

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 19 — SEGMENT INFORMATION — (Continued)

(a) Other income consists primarily of income from early lease terminations and ancillary income from tenants.

(b) Defined as Property Net Operating Income from Continuing Operations divided by Total Property Operating Revenues.

NOTE 20 — QUARTERLY DATA (UNAUDITED)

	For the three months ended			
	12/31/05	9/30/05	6/30/05	3/31/05
	(Dollars in thousands, except per unit amounts)			
Total revenues(a)	$ 786,555	$ 732,081	$ 723,839	$ 758,114
Operating income(a)	$ 177,291	$ 221,652	$ 220,689	$ 295,089
(Loss) income from continuing operations(a)	$ (4,778)	$ 81,457	$ 39,473	$ 88,649
Discontinued operations(a)	$ 34,560	$ 31,700	$ (259,891)	$ 32,676
Net income (loss)	$ 29,782	$ 113,157	$ (220,418)	$ 121,325
Earnings (loss) per unit — basic:				
Net income (loss) per unit	$ 0.05	$ 0.23	$ (0.51)	$ 0.25
Earnings (loss) per unit — diluted:				
Net income (loss) per unit	$ 0.05	$ 0.23	$ (0.51)	$ 0.25

(a) The amounts presented for the first three quarters are not equal to the same amounts previously reported in Form 10-Q for each period as a result of discontinued operations. Below is a reconciliation to the amounts previously reported in Form 10-Q:

	For the three months ended		
	9/30/05	6/30/05	3/31/05
	(Dollars in thousands)		
Total revenues previously reported	$ 738,594	$ 757,093	$ 825,756
Discontinued operations	(6,513)	(33,254)	(67,642)
Revised total revenues	$ 732,081	$ 723,839	$ 758,114
Operating income previously reported	$ 223,554	$ 77,819	$ 316,559
Discontinued operations	(1,902)	142,870	(21,470)
Revised operating income	$ 221,652	$ 220,689	$ 295,089
Income (loss) from continuing operations previously reported	$ 83,614	$ (103,324)	$ 109,794
Discontinued operations	(2,157)	142,797	(21,145)
Revised income from continuing operations	$ 81,457	$ 39,473	$ 88,649
Discontinued operations previously reported	$ 29,543	$ (117,094)	$ 11,531
Additional discontinued operations from properties sold subsequent to the respective reporting period	2,157	(142,797)	21,145
Revised discontinued operations	$ 31,700	$ (259,891)	$ 32,676

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 20 — QUARTERLY DATA (UNAUDITED) — (Continued)

	For the three months ended			
	12/31/04	9/30/04	6/30/04	3/31/04
	(Dollars in thousands, except per unit amounts)			
Total revenues(b)	$ 738,724	$ 715,130	$ 713,591	$ 706,587
Operating income(b)	$ 248,060	$ 220,255	$ 267,577	$ 281,368
Income from continuing operations(b)	$ 61,907	$ 25,713	$ 91,737	$ 86,206
Discontinued operations(b)	$ 15,448	$ (161,620)	$ 29,881	$ 33,479
Income (loss) before cumulative effect of a change in accounting principle	$ 77,355	$ (135,907)	$ 121,618	$ 119,685
Cumulative effect of a change in accounting principle	$ —	$ —	$ —	$ (33,697)
Net income (loss)	$ 77,355	$ (135,907)	$ 121,618	$ 85,988
Earnings (loss) per unit — basic:				
Income (loss) before cumulative effect of a change in accounting principle per unit	$ 0.15	$ (0.32)	$ 0.25	$ 0.23
Earnings (loss) per unit — diluted:				
Income (loss) before cumulative effect of a change in accounting principle per unit	$ 0.15	$ (0.32)	$ 0.25	$ 0.23

(b) The amounts presented for the four quarters are not equal to the same amounts previously reported in Form 10-Q or Form 10-K for each period as a result of discontinued operations. Below is a reconciliation to the amounts previously reported in Form 10-Q or Form 10-K:

	For the three months ended			
	12/31/04	9/30/04	6/30/04	3/31/04
	(Dollars in thousands)			
Total revenues previously reported	$ 819,528	$ 721,883	$ 748,930	$ 777,803
Discontinued operations	(80,804)	(6,753)	(35,339)	(71,216)
Revised total revenues	$ 738,724	$ 715,130	$ 713,591	$ 706,587
Operating income previously reported	$ 266,594	$ 214,537	$ 278,723	$ 305,857
Discontinued operations	(18,534)	5,718	(11,146)	(24,489)
Revised operating income	$ 248,060	$ 220,255	$ 267,577	$ 281,368
Income from continuing operations previously reported	$ 80,137	$ 20,699	$ 102,859	$ 109,425
Discontinued operations	(18,230)	5,014	(11,122)	(23,219)
Revised income from continuing operations	$ 61,907	$ 25,713	$ 91,737	$ 86,206
Discontinued operations previously reported	$ (2,782)	$ (156,606)	$ 18,759	$ 10,260
Additional discontinued operations from properties sold subsequent to the respective reporting period	18,230	(5,014)	11,122	23,219
Revised discontinued operations	$ 15,448	$ (161,620)	$ 29,881	$ 33,479

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 21 — RELATED PARTY TRANSACTIONS

Amounts paid to related parties for the years ended December 31, 2005, 2004 and 2003 were as follows:

	For the years ended December 31,		
	2005	2004	2003
	(Dollars in thousands)		
Office rent(a)	$ 4,726	$ 3,755	$ 3,959
Development fees, leasing commissions and management fees(b)	—	1,532	3,569
Total	$ 4,726	$ 5,287	$ 7,528
Payable to related parties at year end(a)(b)(c)	$ 1,018	$ 313	$ 273

(a) We lease office space from Two North Riverside Plaza Joint Venture, a partnership composed of trusts established for the benefit of the families of Samuel Zell, the Chairman of the Board of Trustees of Equity Office ("Mr. Zell"), and Robert Lurie, a deceased former business partner of Mr. Zell. The term of the lease expires on May 31, 2014.

Amounts payable to related parties as of December 31, 2005 and 2004 include $0.3 million of office rent expense incurred but not yet paid.

(b) The amounts paid for the periods shown above were paid to an affiliate of William Wilson III, a Trustee on the Board of Trustees of Equity Office through May 2004. We entered into a joint venture agreement with Wilson Investors in 2000 for the purpose of developing, constructing, leasing and managing developments in northern California. We own 49.9% of Wilson/ Equity Office, LLC ("W/ EO") and Wilson Investors owns 50.1% of W/ EO. William Wilson III, through his ownership of Wilson Investors, indirectly owns 22% of W/ EO and 30% of any promote to which Wilson Investors is entitled under the joint venture agreement. Our investment in W/ EO as of December 31, 2004 and 2003 was $0.4 million and $1.3 million, respectively, which represents an indirect interest in Concar (a consolidated office property sold during 2005). As of December 31, 2005, our investment in W/ EO was $0.4 million.

We created joint ventures with W/ EO and also, in certain cases, unaffiliated parties for the development of various office properties. We agreed to provide first mortgage financing to the ownership entities of each of these developments at the greater of 6.5% or LIBOR plus 3.25%, generally maturing 36 months after initial funding or earlier at our option, in the event alternative financing sources are available on terms reasonably acceptable to Wilson Investors and any unaffiliated party. The aggregate amount of any such financing would generally be capped at 70% of budgeted construction costs (76% in the case of Concar). At December 31, 2002, we had committed to make mortgage loans for Foundry Square IV and Concar totaling $96 million of which $74 million in principal and $0.4 million in accrued interest was outstanding. The mortgage loan for Foundry Square IV was repaid in 2003 in connection with the sale of the property. Following this sale, W/ EO's sole asset was its ownership interest in Concar. The total principal and interest outstanding on the mortgage loans at December 31, 2004 and 2003 was $40 million, which was repaid in 2005 in connection with the sale of Concar.

A Wilson Investors subsidiary provided development management services to the Foundry Square II, Ferry Building and Concar properties through project stabilization. In 2004, the final project reached stabilization and accordingly, the subsidiary of Wilson Investors has ceased providing development management services. We also engaged a subsidiary of Wilson Investors to provide leasing brokerage services for Foundry Square II and the Ferry Building. As of December 31, 2003, $0.3 million was payable to Wilson Investors in relation to such services. These services for Foundry Square II were terminated by us and these services for the Ferry Building were terminated in part by us in January 2004.

(c) We owned the San Felipe Plaza office property in a partnership with an affiliate of Mr. Zell. In accordance with the agreements governing the ownership of this property, we agreed to pay any capital

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 21 — RELATED PARTY TRANSACTIONS — (Continued)

gains tax incurred by the affiliate if the property was sold. As a result of the sale of this property in August 2005, we are obligated to pay $0.7 million to this affiliate, which is due in April 2006, to cover its capital gains tax liability.

Amounts Received from Related Parties

In July 2004, we disposed of common shares of Capital Trust for $32.1 million and recognized a gain of $2.3 million. Prior to selling our investment, we received $1.5 million and $3.0 million of dividends from the shares during 2004 and 2003, respectively. Mr. Zell is Chairman of the Board and a principal stockholder of Capital Trust, Mr. Dobrowski (a Trustee on the Board of Trustees of Equity Office), is also a Trustee of Capital Trust, and Ms. Rosenberg (a Trustee on the Board of Trustees of Equity Office) was a Trustee of Capital Trust during the time we owned securities in Capital Trust.

We have entered into property management contracts and a licensing agreement to provide property management and leasing services at certain properties owned or controlled by affiliates of Mr. Zell. Income recognized by us for providing these management services during 2005, 2004 and 2003 was $0.9 million, $0.9 million and $0.8 million, respectively.

In addition, we provided real estate tax consulting and risk management services to related parties for which we received $0.5 million, $0.5 million and $0.3 million, during 2005, 2004 and 2003, respectively.

We lease office space to Navigant Consulting, Inc. ("Navigant"), of which William Goodyear, a Trustee on the Board of Trustees of Equity Office, is the Chairman of the Board and Chief Executive Officer. During the years ended December 31, 2005, 2004 and 2003, we received $3.4 million, $2.5 million and $2.0 million, respectively, from Navigant in connection with such space. These leases were executed at market terms.

During 2003, we received $0.8 million from W/ EO for lease commissions.

NOTE 22 — SHARE-BASED EMPLOYEE COMPENSATION PLANS

Equity Office has three share-based employee compensation plans: the 1997 Share Option and Share Award Plan, as amended (the "1997 Plan"), the 2003 Share Option and Share Incentive Plan, as amended (the "2003 Plan") and the 1997 Non-Qualified Share Purchase Plan, as amended (the "Non-Qualified Share Purchase Plan"). We also have assumed individual options in connection with prior merger transactions.

The following is a description of the 1997 Plan, as amended, which is included in the financial statements because any Common Shares issued pursuant to the 1997 Plan will result in us issuing Units to Equity Office, on a one-for-one basis. The purpose of the 1997 Plan is to attract and retain highly qualified executive officers, trustees, employees and consultants. Through the 1997 Plan, eligible officers, trustees, employees and consultants are offered the opportunity to acquire Common Shares pursuant to grants of (a) options to purchase Common Shares ("Options") and (b) Share Awards (defined below). The 1997 Plan is administered by the Compensation Committee of the Board of Trustees of Equity Office (the "Compensation Committee"), which is appointed by the Board of Trustees of Equity Office. The Compensation Committee interprets the 1997 Plan and determines the terms and provisions of Options and Share Awards. In 2005, 2004 and 2003 the Common Shares subject to Options and Share Awards under the 1997 Plan were limited to 32.1 million, 32.0 million and 32.7 million, respectively. The maximum aggregate number of Options and Share Awards that may be granted under the 1997 Plan may not exceed 6.8% of the outstanding Common Shares calculated on a fully diluted basis and determined annually on the first day of each calendar year. The issuance of awards or shares under the 2003 Plan does not increase the number of shares that may be issued under the 1997 Plan. No more than one-half of the maximum aggregate number of Options and Share Awards may be granted as Share Awards. To the extent that Options expire unexercised or are terminated, surrendered or canceled, the Options and Share Awards become available for future grants under the 1997 Plan, unless the 1997 Plan has terminated.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 22 — SHARE-BASED EMPLOYEE COMPENSATION PLANS — (Continued)

The 1997 Plan permits the issuance of Share Awards to executive officers, trustees and key employees. A Share Award is an award of a Common Share which (a) may be fully vested upon issuance ("Share Award") or (b) may vest over time ("Restricted Share Award"). Generally, members of the Board of Trustees of Equity Office have been granted Share Awards pursuant to the 1997 Plan or the 2003 Plan as payment of their board fees. In each case, the number of Share Awards granted to trustees was equal to the dollar value of the fee divided by the fair market value of a Common Share on the date the fee was payable.

Equity Office's shareholders approved the 2003 Plan at its 2003 annual meeting of shareholders. A total of 20,000,000 Common Shares are reserved for issuance under the 2003 Plan to trustees, officers, employees and consultants of Equity Office and its subsidiaries. The 2003 Plan provides for awards of share options, restricted shares, unrestricted shares, share units, dividend equivalent rights, share appreciation rights and performance awards. No more than 10,000,000 of the Common Shares reserved under the 2003 Plan may be issued in connection with awards other than options. The maximum number of shares subject to options and share appreciation rights that can be awarded to any person is 750,000 per year, and the maximum number of shares that can be awarded to any person, other than pursuant to an option or share appreciation right, is 300,000 per year. In 2005, 2004 and 2003 the Common Shares available for issuance under the 2003 Plan were limited to 14.6 million, 19.0 million and 20.0 million, respectively. The 2003 Plan is administered by the Compensation Committee. Subject to the terms of the 2003 Plan, the Compensation Committee may select participants to receive awards, determine the types of awards and the terms and conditions of awards, and interpret the provisions of the 2003 Plan.

Under both the 1997 Plan and 2003 Plan, the Compensation Committee determines the vesting schedule of each Share Award and Option. All Restricted Share Awards granted in 2005 and all Restricted Share Awards granted in 2004, except for officers' bonuses, vest evenly over a four-year period, 25% per year on each of the first four anniversaries of the grant date. During 2004, officers' bonuses were paid in Restricted Share Awards. Twelve days after the grant date 75% of the Restricted Share Awards granted to vice presidents vested and 50% of the Restricted Share Awards granted to senior vice presidents, executive vice presidents and the president vested. The remaining unvested Restricted Share Awards vest evenly over a four-year period on each of the first four anniversaries of the grant date. Restricted Share Awards granted in 2003 vest evenly over a five-year period, 20% per year on each of the first five anniversaries of the grant date. As to the Options that have been granted, each vests evenly over a three year period, one-third per year on each of the first three anniversaries of the grant date. The exercise price for Options is equivalent to the fair market value of the underlying Common Shares at the grant date. The Compensation Committee also determines the term of each Option, which shall not exceed 10 years from the grant date.

The fair value for Options granted in 2005, 2004 and 2003 was estimated at the time the Options were granted using the Black-Scholes option-pricing model applying the following weighted average assumptions:

Assumptions:	Options Granted in		
	2005	2004	2003
Risk-free interest rate	4.1%	3.6%	3.2%
Expected dividend yield	7.0%	7.0%	6.6%
Volatility	0.21	0.21	0.22
Weighted average expected life of the Options	7 years	7 years	7 years
Weighted average fair value of Options granted	$ 2.37	$ 2.18	$ 2.36

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions, including the expected stock price volatility.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 22 — SHARE-BASED EMPLOYEE COMPENSATION PLANS — (Continued)

In 2005, 2004 and 2003 we recognized compensation expense related to Restricted Shares and Options issued to employees of $23.9 million $18.0 million and $17.1 million, respectively.

The table below summarizes the Option activity under our 1997 Plan and 2003 Plan for the last three years:

	Common Shares Subject to Options	Weighted Average Exercise Price Per Option
Balance at December 31, 2002	20,495,093	$ 27.18
Options granted	3,550,017	24.70
Options canceled	(1,358,070)	27.78
Options exercised	(1,661,333)	22.72
Balance at December 31, 2003	21,025,707	27.10
Options granted	3,929,195	28.50
Options canceled	(1,237,162)	28.42
Options exercised	(2,489,462)	23.81
Balance at December 31, 2004	21,228,278	27.66
Options granted	4,003,203	29.59
Options canceled	(303,206)	27.67
Options exercised	(5,256,055)	27.01
Balance at December 31, 2005	19,672,220	$ 28.23

The following table summarizes information regarding Options outstanding at December 31, 2005:

	Options Outstanding			Options Exercisable		Options Not Exercisable	
Range of Exercise Prices	Options	Weighted-Average Remaining Contractual Life in Years (a)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
$18.10 to $23.40	573,000	2.0	$ 21.60	573,000	$ 21.60	—	$ —
$24.23 to $26.95	3,533,105	6.1	24.66	2,654,738	24.62	878,367	24.80
$27.45 to $28.36	3,395,856	5.8	28.32	3,387,725	28.32	8,131	27.57
$28.54 to $29.19	3,214,339	8.0	28.56	1,017,874	28.60	2,196,465	28.54
$29.50 to $29.76	5,490,685	6.9	29.51	1,797,490	29.50	3,693,195	29.52
$29.98 to $33.30	3,465,235	4.6	30.53	3,382,699	30.48	82,536	32.73
$18.10 to $33.30	19,672,220	6.2	$ 28.23	12,813,526	$ 28.01	6,858,694	$ 28.64

(a) Expiration dates ranged from January 2006 to December 2015.

Restricted Shares

During 2005, 2004 and 2003, there were 952,157, 1,235,225 and 944,121 Restricted Share Awards granted, respectively. The Restricted Shares Awards issued in 2005, 2004 and 2003 were valued at an average price of $29.54, $28.50 and $24.60 each, respectively. The value of the Restricted Share Awards is recognized as compensation expense evenly over the vesting period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 22 — SHARE-BASED EMPLOYEE COMPENSATION PLANS — (Continued)

Non-Qualified Purchase Plan

The Non-Qualified Purchase Plan was adopted to encourage eligible employees and trustees to purchase Common Shares. Under the Non-Qualified Purchase Plan, a total of 2,000,000 Common Shares are reserved for issuance. The minimum amount an eligible employee can contribute is $10 per pay period. The maximum amount an eligible employee can contribute is 20% of gross pay per pay period, up to $100,000 per calendar year. Trustees may contribute up to $100,000 per year. Contributions are held as part of the general assets of Equity Office. All contributions are fully vested. At the end of each purchase period, participant contributions are used to purchase Common Shares. Th price for the Common Shares is 85% of the lesser of: (a) the closing price of the Common Shares on the last business day of the applicable purchase period or (b) the average closing price of the Common Shares for the purchase period. The number of Common Shares purchased is calculated on a per participant basis by dividing the contributions made by each participant during the Purchase Period by the purchase price. Only whole Common Shares are purchased, with any partial share of remaining cash being rolled over to the next purchase period. Shares purchased under the Non-Qualified Purchase Plan generally may not be sold, transferred or disposed of until the first anniversary of the purchase If a participant violates this restriction, he or she is required to pay Equity Office an amount equal to the discount on the shares when purchased less, the excess, if any, of the amount the participant paid for the shares over the then current market price of the shares. At December 31, 2005, a total of 1,341,160 Common Shares remained available for issuance under the Non-Qualified Purchase Plan. Common Share purchases under this plan totaled 85,061, 83,222 and 93,815 in 2005, 2004 and 2003, respectively. In 2005, 2004 and 2003, we recognized compensation expense related to Common Shares issued under this plan of $0.5 million, $0.4 million and $0.5 million, respectively.

NOTE 23 — 401(K) PLAN

Our 401(k) Plan was established to cover eligible employees and employees of any designated affiliate. The 401(k) Plan permits eligible persons to defer up to 50% of their annual compensation into the 401(k) Plan, subject to certain limitations imposed by the Internal Revenue Code. Employees' elective deferrals are immediately vested upon contribution to the 401(k) Plan. We match employee contributions to the 401(k) Plan dollar for dollar up to 4% of the employee's annual salary. In addition, we may elect to make an annual discretionary profit-sharing contribution. In each of the years ended December 31, 2005, 2004 and 2003, we recognized $8.0 million, $7.9 million and $6.7 million as expense, respectively.

NOTE 24 — COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We maintain our cash and cash equivalents at various high quality financial institutions. The combined account balances at each institution typically exceed FDIC insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. We believe this risk is not significant.

Environmental

As an owner of real estate, we are subject to various environmental laws of federal, state and local governments. Compliance with existing environmental laws has not had a material adverse effect on our financial condition and results of operations, and management does not believe it will have such an impact in the future. However, we cannot predict the impact of unforeseen environmental contingencies or new or changed laws or regulations on our properties, properties that we have sold or on properties that may be acquired in the future.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 24 — COMMITMENTS AND CONTINGENCIES — (Continued)

Litigation

We are not presently subject to material litigation nor, to our knowledge, is any material litigation threatened against us, other than routine actions for negligence and other claims and administrative proceedings arising in the ordinary course of business. Some of this litigation is expected to be covered by liability insurance or third party indemnifications. We do not expect any or all of this litigation to have a material adverse effect on our financial condition, results of operations or liquidity.

Property Acquisitions

We signed an agreement to acquire the Fountaingrove II office property located in Santa Rosa, California upon completion of construction for $8.9 million. This property will comprise approximately 40,000 square feet. This acquisition is subject to certain contingencies and is expected to close in the second quarter of 2006.

We signed an agreement to acquire a 75% interest in the 124 West 42nd Street office property comprising 37,035 square feet located in New York, New York for $12.4 million. This acquisition is subject to certain contingencies and is expected to close in the first quarter of 2006.

We signed an agreement to acquire the One and Three Harbor Drive office properties comprising 111,772 square feet located in Sausalito, California for $32.5 million. This acquisition closed in the first quarter of 2006.

Contingencies

Certain joint venture agreements contain buy/sell options in which each party has the option to acquire the interest of the other party but do not generally require that we buy our partners' interests. We have one joint venture which allows our unaffiliated partners, at their election, to require that we buy their interests during a specified future time period commencing in 2009 based on a formula contained in the agreement. In addition, we have granted options to each of three tenants to purchase the property it occupies. In accordance with Statement of Accounting Standards No. 5 *Accounting for Contingencies*, we have not recorded a liability or the related asset that would result from the acquisition (in connection with the above potential obligations) because the probability of our unaffiliated partners requiring us to buy their interest is not currently determinable and we are unable to estimate the amount of the payment required for that purpose.

195 of our properties, consisting of 27.9 million square feet, are subject to restrictions on taxable dispositions under tax protection agreements entered into with some of the contributors of the properties. The carrying value of these properties was $5.9 billion at December 31, 2005. The restrictions on taxable dispositions are effective for periods expiring at different times through 2021. The terms of these tax protection agreements generally prevent us from selling the properties in taxable transactions unless we indemnify the contributing partners for their income tax liability on the portion of the gain on sale allocated to them as a result of the property's value at the time of its contribution to us or to our predecessor. We do not believe that the tax protection agreements materially affect the conduct of our business or our decisions whether to dispose of restricted properties because we generally hold our properties for long-term investment purposes. However, where we have deemed it to be in our unitholders' best interests to dispose of restricted properties, we have endeavored to do so, when practicable, through transactions structured as tax-deferred transactions under section 1031 of the Internal Revenue Code.

Whenever practicable, we anticipate structuring most future dispositions of restricted properties as transactions intended to qualify for tax-deferred treatment. We therefore view the likelihood of incurring any material indemnification obligations as a result of our tax protection agreements to be remote. Were we to dispose of a restricted property in a taxable transaction, we generally would be required to pay to a partner (that is a beneficiary of one of the tax protection agreements) an amount based on the amount of income tax the partner would be required to pay on the incremental gain allocated to such partner as a result of the built-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 24 — COMMITMENTS AND CONTINGENCIES — (Continued)

in gain that existed with respect to such property at the time of its contribution to us or to our predecessor. In some cases there is a further requirement to reimburse any additional tax liability arising from the indemnification payment itself. The exact amount that would be payable with respect to any particular taxable sale of a restricted property would depend on a number of factors, many of which can only be calculated at the time of any future sale, including the sale price of the property at the time of the sale, the partnership's basis in the property at the time of the sale, the partner's basis in the assets at the time of the contribution, the partner's applicable rate of federal, state and local taxation at the time of the sale and the timing of the sale itself.

Insurance

Property Damage, Business Interruption, Earthquake and Terrorism: We have a captive insurance company which is a wholly-owned taxable REIT subsidiary. As described below, we are responsible for losses up to certain levels for property damage (including wind and flood damage resulting from hurricanes), business interruption, earthquakes, terrorism and other events prior to third-party insurance coverage. Accordingly, any losses incurred up to our loss exposure amounts or in excess of third-party coverage limitations will be reflected in our financial statements as insurance expense. The insurance coverage provided through third-party insurance carriers is subject to coverage limitations.

Type of Insurance Coverage	Our Loss Exposure/Deductible	Third-Party Coverage Limitation
Property damage and business interruption (a)	$50 million per occurrence and $75 million annual aggregate exposure (which includes amounts paid for earthquake loss), plus $1 million per occurrence deductible	$1.0 billion per occurrence(c)
Earthquake(a)(b)	$75 million per occurrence and annual aggregate exposure (which includes amounts paid for property damage and business interruption loss), plus $1 million per occurrence deductible	$325 million in the aggregate per year(c)
Acts of terrorism(d)	$4.9 million per occurrence deductible (plus 10% of the remainder of each and every loss with a maximum per occurrence exposure of $37.4 million which includes the $4.9 million deductible); however, TRIEA provides that if the aggregate industry loss as a result of any such foreign terrorism occurrence is less than $50 million ($100 million in 2007), we are responsible for 100% of such loss. Our intent is to insure such amounts in excess of $50 million in 2007.	$825 million per occurrence(e)

(a) We retain up to $75 million annual aggregate loss throughout the portfolio. In the event of a loss in excess of the per occurrence or annual aggregate amount, the third-party insurance carriers would be obligated to cover the losses up to the stated coverage amounts in the table above.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 24 — COMMITMENTS AND CONTINGENCIES — (Continued)

(b) The amount of the third party insurance relating to earthquakes is based on maximum probable loss studies performed by independent thirc parties. The maximum annual aggregate payment amount for earthquake loss is $325 million, inclusive of our loss exposure of $75 million plus $1 million per occurrence deductible. There can be no assurance that the actual losses suffered in the event of an earthquake would no exceed the amount of such insurance coverage.

(c) These amounts include our loss exposure/deductible amount.

(d) This coverage includes nuclear, chemical and biological events under the Terrorism Risk Insurance Act of 2002 ("TRIA"). This coverage does not apply to non-TRIA events (which are terrorism events that are not committed by a foreigner or a foreign country). We maintain separate insurance with a $325 million annual aggregate limit subject to a deductible of $1 million for non-TRIA events. This separate coverage for non-TRIA events excludes nuclear, biological and chemical events.

TRIA established the Terrorism Risk Insurance Program ("TRIP") to mandate that insurance carriers offer insurance covering physical damage from terrorist incidents certified by the U.S. government as foreign terrorist acts. Under TRIP, the federal government shares in the risk of loss associated with certain future terrorist acts. TRIA was extended for two years under the Terrorism Risk Insurance Extension Act ("TRIEA"), which established new requirements and expires on December 31, 2007. TRIEA created a new program trigger for any certified act of terrorism occurring after March 31, 2006 that prohibits payment of federal compensation unless the aggregate industry insured losses resulting from that act of terrorism exceed $50 million for 2006 and $100 million for 2007. The trigger for federal reimbursement through March 31, 2006 is $5 million, rather than $50 million.

(e) This amount is in excess of our deductible amounts.

Pollution: We have pollution and remediation insurance coverage for both sudden and gradual events. Limits for this exposure are $2 million per loss and $10 million aggregate per year subject to a deductible of $100,000 per occurrence.

Workers Compensation, Automobile Liability and General Liability: We have per occurrence deductible amounts for workers compensation of $500,000, auto liability of $250,000 and general liability of $1,000,000.

NOTE 25 — SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2005, through March 8, 2006:

1. We redeemed 2.3 million Units at an average purchase price of $30.48 per Unit for $69.0 million. In addition, Equity Office repurchased 13.0 million Common Shares under its open market repurchase program at an average purchase price of $31.49 per share for $408.6 million.

2. In January 2006, we exercised our option to draw an additional $250 million on our $750 million term loan, which increased the amount outstanding under the facility to $1.0 billion. As of March 8, 2006, we also had $478 million outstanding under our $1.25 billion revolving credit facility.

3. On February 28, 2006, we obtained a $500 million unsecured term loan facility, which we fully drew upon on March 8, 2006. The loan matures in February 2007 and bears interest at the higher of the Prime Rate or the federal funds rate plus 50 basis points; plus a spread of 55 basis points (the spread is subject to change based on our credit rating). The proceeds from this loan will primarily be used to repay unsecured notes scheduled to mature on March 15, 2006.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 25 — SUBSEQUENT EVENTS — (Continued)

4. We acquired the following properties:

Property	Location	Acquisition Date	Number of Buildings	Effective Office Portfolio Square Feet	Effective Office Portfolio Purchase Price
					(Dollars in thousands)
One and Three Harbor Drive	Sausalito, CA	1/19/2006	2	111,772	$ 32,500
Pointe O'Hare(a)	Rosemont, IL	3/8/2006	1	262,991	55,675
		Total	3	374,763	$ 88,175

(a) In addition to our acquisition of a wholly owned interest in this office property, we also contributed $2.0 million to a new joint venture formed with the seller of Pointe O'Hare, who contributed a vacant land parcel and a parking structure adjacent to the building.

5. We disposed of whole or partial interests in the following properties:

Property	Location	Disposition Date	Number of Buildings	Effective Office Portfolio Square Feet	Effective Office Portfolio Sales Price
					(Dollars in thousands)
120 Montgomery(a)	San Francisco, CA	1/20/2006	1	430,523	$ 67,500
Westridge and Pacific Corporate Plaza	San Diego, CA	2/8/2006	3	158,173	30,500
8-16 Perimeter(a)	Atlanta, GA	2/17/2006	5	65,350	10,712
One Crosswoods	Columbus, OH	3/3/2006	1	129,583	5,300
		Total	10	783,629	$ 114,012

(a) These properties were classified as held for sale at December 31, 2005.

6. During February 2006, the ownership structure of the Sixty State Street property was restructured. Pursuant to this restructure, we converted our former debt position in this property into an approximate 95% equity interest. In addition, new mortgage financing was obtained on the property. The new mortgage loan has a principal balance of $180.0 million, bears interest at a fixed coupon rate of 5.629% and matures on March 1, 2011. Following this restructure, we will continue to consolidate the financial position and results of operations of this property because we continue to control the property.

7. We collected the $66.3 million note receivable related to the One Phoenix property that was sold in 2005 and recognized the $25.6 million gain on sale that had previously been deferred.

8. Paces West, an office property comprising two buildings and 646,471 square feet located in Atlanta, GA, was classified as held for sale. The investment in real estate, net of accumulated depreciation for this property is $73.5 million. This disposition is subject to certain contingencies and is expected to close in the second quarter of 2006.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of Equity Office's management, including Equity Office's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon their evaluation as of December 31, 2005, Equity Office's Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in our Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

Management's Report on Internal Control over Financial Reporting

Equity Office's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of Equity Office's management, including Equity Office's Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2005 based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, Equity Office's management concluded that our internal control over financial reporting was effective as of December 31, 2005.

Equity Office's management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein.

Changes in Internal Control over Financial Reporting

During 2005, we began the consolidation of our enterprise-wide accounts receivable processing function into a centralized shared services environment. We expect that this consolidation process will continue into the second quarter of 2006. In the fourth quarter of 2005, we implemented an upgrade to our financial and accounting systems software that affected primarily our processing of accounts receivable and our lease administration function. Accordingly, we have modified our system of internal control over financial reporting for the impact of these system upgrades and structural changes. We believe that our controls, as modified, are designed appropriately and operating effectively.

There were no other changes in our internal control structure that management believes have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

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PART III

Item 10. Directors and Executive Officers of the Registrant.

Information about Trustees of Equity Office and Section 16(a) beneficial ownership reporting compliance is incorporated by reference from the discussion under Proposal 1 in Equity Office's Proxy Statement for the 2006 Annual Meeting of Shareholders. The balance of the response t this item is contained in the discussion entitled "Executive Officers of the Registrant" under Item 1 of Part I of this report.

Information about Equity Office's audit committee and its audit committee financial expert is incorporated by reference to Equity Office's Proxy Statement for the 2006 Annual Meeting of Shareholders.

Equity Office has adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer, which is available on its website at www.equityoffice.com. Any amendment to, or waiver from, a provision of such code of ethics will b posted on Equity Office's website.

Item 11. Executive Compensation.

Information about executive compensation is incorporated by reference from the discussion under the heading "Executive Compensation" in Equity Office's Proxy Statement for the 2006 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information about security ownership of certain beneficial owners and management, and information about Equity Office's equity compensation plans are incorporated by reference from the discussion under the headings "Common Share and Unit Ownership by Trustees and Executive Officers" and "Equity Compensation Plan Information" in Equity Office's Proxy Statement for the 2006 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions.

Information about certain relationships and transactions with related parties is incorporated herein by reference from the discussion under the heading "Certain Relationships and Related Transactions" in Equity Office's Proxy Statement for the 2006 Annual Meeting of Shareholders.

Item 14. Principal Accounting Fees and Services.

Information about principal accountant fees and services is incorporated by reference from the discussion under the heading "Proposal 2: Ratification of the Audit Committee's Appointment of Independent Auditors" in Equity Office's Proxy Statement for the 2006 Annual Meeting of Shareholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2005 and 2004

Consolidated Statements of Operations for the years ended December 31, 2005, 2004 and 2003

Consolidated Statements of Changes in Partners' Capital and Net Comprehensive Income for the years ended December 31, 2005, 2004 and 2003

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules:

Schedule III — Real Estate and Accumulated Depreciation as of December 31, 2005

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

(a)(3) Exhibits:

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

(b) Exhibits:

See Item 15(a) (3) above.

(c) Financial Statement Schedules:

Schedule III — Real Estate and Accumulated Depreciation as of December 31, 2005.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EOP OPERATING LIMITED PARTNERSHIP

By:EQUITY OFFICE PROPERTIES TRUST
its general partner

By: /s/ RICHARD D. KINCAID

Richard D. Kincaid
President and Chief Executive Officer

Date: March 14, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated as of March 14, 2006.

Signature	Title
/s/ RICHARD D. KINCAID Richard D. Kincaid	President, Chief Executive Officer and Trustee (principal executive officer)
/s/ MARSHA C. WILLIAMS Marsha C. Williams	Executive Vice President and Chief Financial Officer (principal financial officer)
/s/ VIRGINIA L. SEGGERMAN Virginia L. Seggerman	Senior Vice President and Chief Accounting Officer (principal accounting officer)
/s/ SAMUEL ZELL Samuel Zell	Chairman of the Board of Trustees
/s/ MARILYN A. ALEXANDER Marilyn A. Alexander	Trustee
/s/ THOMAS E. DOBROWSKI Thomas E. Dobrowski	Trustee
/s/ WILLIAM M. GOODYEAR William M. Goodyear	Trustee
/s/ JAMES D. HARPER, JR. James D. Harper, Jr.	Trustee
/s/ DAVID K. MCKOWN David K. McKown	Trustee
/s/ SHELI Z. ROSENBERG Sheli Z. Rosenberg	Trustee

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Signature	Title
/s/ STEPHEN I. SADOVE Stephen I. Sadove	Trustee
/s/ SALLY SUSMAN Sally Susman	Trustee
/s/ JAN H.W.R. VAN DER VLIST Jan H.W.R. van der Vlist	Trustee

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EXHIBIT INDEX

Exhibit No.	Description	Location
3.1	Third Amended and Restated Agreement of Limited Partnership of EOP Partnership	Incorporated by reference to Exhibit 99.8 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
3.2	First Amendment to Third Amended and Restated Agreement of Limited Partnership of EOP Partnership	Incorporated by reference to Exhibit 4.1 to EOP Partnership's 2002 Third Quarter Form 10-Q
3.3	Second Amendment to the Third Amended and Restated Agreement of Limited Partnership of EOP Partnership	Incorporated by reference to Exhibit 10.1 to Equity Office's 2003 Second Quarter Form 10-Q
3.4	Third Amendment to the Third Amended and Restated Agreement of Limited Partnership of EOP Partnership	Incorporated by reference to Exhibit 10.4 to Equity Office's 2003 Annual Report on Form 10-K
3.5	Fourth Amendment to the Third Amended and Restated Agreement of Limited Partnership of EOP Partnership	Incorporated by reference to Exhibit 3.1 to EOP Partnership's 2004 Second Quarter Form 10-Q
3.6	Fifth Amendment to the Third Amended and Restated Agreement of Limited Partnership of EOP Partnership	Incorporated by reference to Exhibit 3.1 to EOP Partnership's 2005 Second Quarter Form 10-Q
4.1	Indenture, dated as of September 2, 1997, between EOP Partnership and State Street Bank and Trust Company	Incorporated by reference to Exhibit 4.1 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.2	First Supplemental Indenture, dated as of February 9, 1998, between EOP Partnership and State Street Bank and Trust Company	Incorporated by reference to Exhibit 4.2 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.3	$200,000,000 6.625% Note due 2005. Another $200,000,000 6.625% Note due 2005, identical in all material respects to the Note filed as Exhibit 4.4 to Equity Office's 1997 Annual Report on Form 10-K, as amended, has not been filed.	Incorporated by reference to Exhibit 4.4 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.4	$200,000,000 6.750% Note due 2008. A $100,000,000 6.750% Note due 2008, identical in all material respects other than principal amount to the Note filed as Exhibit 4.5 to Equity Office's 1997 Annual Report on Form 10-K, as amended, has not been filed.	Incorporated by reference to Exhibit 4.5 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.5	$200,000,000 7.250% Note due 2018. A $50,000,000 7.250% Note due 2018, identical in all material respects other than principal amount to the Note filed as Exhibit 4.6 to Equity Office's Annual Report on Form 10-K for the year ended December 31, 1997, as amended, has not been filed.	Incorporated by reference to Exhibit 4.6 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.6	$50,000,000 7.36% Senior Note due 2005	Incorporated by reference to Exhibit 4.9 to Equity Office's 1997 Annual Report on Form 10-K, as amended

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Exhibit No.	Description	Location
4.7	$50,000,000 7.44% Senior Note due 2006	Incorporated by reference to Exhibit 4.10 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.8	$50,000,000 7.41% Senior Note due 2007	Incorporated by reference to Exhibit 4.11 to Equity Office's 1997 Annual Report on Form 10-K, as amended
4.9	$300,000,000 6.763% Notes due 2007	Incorporated by reference to Exhibit 4.13 to Equity Office's 2000 Annual Report on Form 10-K, as amended
4.10	$225,000,000 7.25% Notes due 2028	Incorporated by reference to Exhibit 4.14 to Equity Office's 2000 Annual Report on Form 10-K, as amended
4.11	$500,000,000 6.8% Notes due 2009	Incorporated by reference to Exhibit 4.17 to Equity Office's 2000 Annual Report on Form 10-K, as amended
4.12	$200,000,000 7.5% Notes due April 19, 2029	Incorporated by reference to Exhibit 4.23 to EOP Partnership's Current Report on Form 8-K filed with the SEC on April 19, 1999
4.13	$400,000,000 8.375% Note due March 15, 2006	Incorporated by reference to Exhibit 4.24 to EOP Partnership's Current Report on Form 8-K filed with the SEC on March 24, 2000
4.14	$100,000,000 8.375% Note due March 15, 2006	Incorporated by reference to Exhibit 4.25 to EOP Partnership's Current Report on Form 8-K filed with the SEC on March 24, 2000
4.15	$360,000,000 8.10% Note due August 1, 2010 of EOP Partnership	Incorporated by reference to Exhibit 4.1 to EOP Partnership's Current Report on Form 8-K filed with the SEC on August 8, 2000
4.16	Indenture, dated August 29, 2000, by and between EOP Partnership and U.S. Bank National Association (formerly known as U.S. Bank Trust National Association)	Incorporated by reference to Exhibit 4.1 to EOP Partnership's Registration Statement on Form S-3, as amended (SEC File No. 333-43530)
4.17	First Supplemental Indenture, dated June 18, 2001, among EOP Partnership, Equity Office and U.S. Bank National Association (formerly known as U.S. Bank Trust National Association)	Incorporated by reference to Exhibit 4.2 to Equity Office's Registration Statement on Form S-3, as amended (SEC File No. 333-58976)
4.18	$400,000,000 7 3/4% Note due 2007	Incorporated by reference to Exhibit 4.5 to EOP Partnership's Current Report on Form 8-K filed with the SEC on November 20, 2000
4.19	$200,000,000 7 3/4% Note due 2007	Incorporated by reference to Exhibit 4.6 to EOP Partnership's Current Report on Form 8-K filed with the SEC on November 20, 2000

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Exhibit No.	Description	Location
4.20	$500,000,000 7.000% Note due July 15, 2011, and related Guarantee	Incorporated by reference to Exhibit 4.4 to EOP Partnership's Current Report on Form 8-K filed with the SEC on July 18, 2001
4.21	$500,000,000 7.000% Note due July 15, 2011, and related Guarantee	Incorporated by reference to Exhibit 4.5 to EOP Partnership's Current Report on Form 8-K filed with the SEC on July 18, 2001
4.22	$100,000,000 7.000% Note due July 15, 2011, and related Guarantee	Incorporated by reference to Exhibit 4.6 to EOP Partnership's Current Report on Form 8-K filed with the SEC on July 18, 2001
4.23	$300,000,000 7.875% Note due July 15, 2031, and related Guarantee	Incorporated by reference to Exhibit 4.7 to EOP Partnership's Current Report on Form 8-K filed with the SEC on July 18, 2001
4.24	$400,000,000 6¾% Note due February 15, 2012, and related Guarantee	Incorporated by reference to Exhibit 4.1 to EOP Partnership's Current Report on Form 8-K filed with the SEC on February 15, 2002
4.25	$100,000,000 6¾% Note due February 15, 2012, and related Guarantee	Incorporated by reference to Exhibit 4.2 to EOP Partnership's Current Report on Form 8-K filed with the SEC on February 15, 2002
4.26	Indenture, dated as of December 6, 1995, among Spieker and State Street Bank and Trust, as Trustee	Incorporated by reference to Exhibit 99.17.1 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.27	Sixth Supplemental Indenture, dated as of December 10, 1996, among Spieker, Spieker Partnership and State Street Bank and Trust, as Trustee	Incorporated by reference to Exhibit 99.17.12 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.28	$100,000,000 7.125% Note due December 1, 2006	Incorporated by reference to Exhibit 99.17.13 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.29	Seventh Supplemental Indenture, dated as of December 10, 1996, among Spieker, Spieker Partnership and State Street Bank and Trust, as Trustee	Incorporated by reference to Exhibit 99.17.14 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.30	$25,000,000 7.875% Note due December 1, 2016	Incorporated by reference to Exhibit 99.17.15 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.31	Eighth Supplemental Indenture, dated as of July 14, 1997, among Spieker, Spieker Partnership and State Street Bank and Trust, as Trustee	Incorporated by reference to Exhibit 99.17.16 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001

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Exhibit No.	Description	Location
4.32	$150,000,000 7.125% Note due July 1, 2009	Incorporated by reference to Exhibit 99.17.17 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.33	Ninth Supplemental Indenture, dated as of September 29, 1997, among Spieker, Spieker Partnership, First Trust of California, National Association, as Trustee, and State Street Bank and Trust	Incorporated by reference to Exhibit 99.17.18 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.34	$150,000,000 7.50% Debenture due October 1, 2027	Incorporated by reference to Exhibit 99.17.19 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.35	Tenth Supplemental Indenture, dated as of December 8, 1997, among Spieker, Spieker Partnership and First Trust of California, National Association, as Trustee, and State Street Bank and Trust	Incorporated by reference to Exhibit 99.17.20 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.36	$200,000,000 7.35% Debenture due December 1, 2017	Incorporated by reference to Exhibit 99.17.21 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.37	Eleventh Supplemental Indenture, dated as of January 27, 1998, among Spieker, Spieker Partnership and First Trust of California, National Association, as Trustee	Incorporated by reference to Exhibit 99.17.22 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.38	$150,000,000 6.75% Note due January 15, 2008	Incorporated by reference to Exhibit 99.17.23 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.39	Twelfth Supplemental Indenture, dated as of February 2, 1998, among Spieker, Spieker Partnership and First Trust of California, National Association, as Trustee	Incorporated by reference to Exhibit 99.17.24 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.40	$125,000,000 6.875% Note due February 1, 2005	Incorporated by reference to Exhibit 99.17.25 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.41	Thirteenth Supplemental Indenture, dated as of February 2, 1998, among Spieker, Spieker Partnership and First Trust of California, National Association, as Trustee	Incorporated by reference to Exhibit 99.17.26 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.42	$1,500,000 7.0% Note due February 1, 2007	Incorporated by reference to Exhibit 99.17.27 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001

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Exhibit No.	Description	Location
4.43	Fourteenth Supplemental Indenture, dated as of April 29, 1998, among Spieker, Spieker Partnership and U.S. Bank Trust National Association (formerly known as First Trust of California, National Association), as Trustee	Incorporated by reference to Exhibit 99.17.28 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.44	$25,000,000 6.88% Note due April 30, 2007	Incorporated by reference to Exhibit 99.17.29 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.45	Fifteenth Supplemental Indenture, dated as of May 11, 1999, among Spieker, Spieker Partnership and U.S. Bank Trust National Association, as Trustee	Incorporated by reference to Exhibit 99.17.30 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.46	$200,000,000 7.25% Note due May 1, 2009	Incorporated by reference to Exhibit 99.17.32 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.47	Sixteenth Supplemental Indenture, dated as of December 11, 2000, among Spieker, Spieker Partnership and U.S. Bank Trust National Association, as Trustee	Incorporated by reference to Exhibit 99.17.33 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.48	$200,000,000 7.65% Note due December 15, 2010	Incorporated by reference to Exhibit 99.17.34 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.49	Seventeenth Supplemental Indenture, dated as of July 2, 2001, relating to the substitution of Equity Office and EOP Partnership as successor entities for Spieker and Spieker Partnership, respectively	Incorporated by reference to Exhibit 99.17.35 to Equity Office's Current Report on Form 8-K filed with the SEC on July 5, 2001
4.50	$400,000,000 5.875% Note due January 15, 2013, and related Guarantee	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on January 15, 2003
4.51	$100,000,000 5.875% Note due January 15, 2013, and related Guarantee	Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on January 15, 2003
4.52	$500,000,000 4.75% Note due March 15, 2014 and related Guarantee (another $500,000,000 4.75% Note due March 15, 2014 and related Guarantee, identical in all material respects to the Note filed as Exhibit 4.3 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on March 26, 2004, has not been filed)	Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on March 26, 2004

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Exhibit No.	Description	Location
4.53	$45,000,000 Floating Rate Note due May 27, 2014 and related Guarantee	Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on May 26, 2004
4.54	$500,000,000 4.65% Fixed Rate Note due October 1, 2010 and related Guarantee (another $300,000,000 4.65% Fixed Rate Note due October 1, 2010 and related Guarantee, identical in all material respects, other than the principal amount, to the Note filed as Exhibit 4.3 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on October 7, 2004, has not been filed)	Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on October 7, 2004
4.55	$200,000,000 Floating Rate Note due October 1, 2010 and related Guarantee	Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on October 7, 2004
4.56	Form of Medium-Term InterNote (Fixed Rate) and related Guarantee	Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on June 15, 2004
4.57	Form of Medium-Term InterNote (Floating Rate) and related Guarantee	Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on June 15, 2004
4.58	New Trustee Appointment Agreement, dated June 10, 2004, among EOP Partnership, Equity Office and BNY Midwest Trust Company	Incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K of EOP Partnership filed with the SEC on June 15, 2004
4.59	Schedule of Medium-Term InterNotes (Fixed Rate) issued as of June 30, 2004	Incorporated by reference to Exhibit 4.5 to EOP Partnership's 2004 Second Quarter Form 10-Q
4.60	Schedule of Medium-Term InterNotes (Fixed Rate) issued from July 1, 2004 to September 30, 2004	Incorporated by reference to Exhibit 4.6 to EOP Partnership's 2004 Third Quarter Form 10-Q
4.61	Schedule of Medium-Term InterNotes (Fixed Rate) issued from October 1, 2004 to December 31, 2004	Incorporated by reference to Exhibit 4.73 to EOP Partnership's 2004 Annual Report on Form 10-K
4.62	Schedule of Medium-Term InterNotes (Fixed Rate) issued from January 1, 2005 to March 31, 2005	Incorporated by reference to Exhibit 4.5 to EOP Partnership's 2005 First Quarter Form 10-Q
4.63	Schedule of Medium-Term InterNotes (Fixed Rate) issued from April 1, 2005 to June 30, 2005	Incorporated by reference to Exhibit 4.5 to EOP Partnership's 2005 Second Quarter Form 10-Q
4.64	Schedule of Medium-Term InterNotes (Fixed Rate) issued from July 1, 2005 to September 30, 2005	Incorporated by reference to Exhibit 4.5 to EOP Partnership's 2005 Third Quarter Form 10-Q

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Exhibit No.	Description	Location
4.65	Schedule of Medium-Term InterNotes (Fixed Rate) issued from October 1, 2005 to December 31, 2005	Filed herewith
10.1†	Change in Control Agreement by and between Equity Office Management L.L.C., Equity Office and Richard D. Kincaid	Incorporated by reference to Exhibit 10.7 to Equity Office's 2003 Third Quarter Form 10-Q
10.2†	Change in Control Agreement by and between Equity Office Properties Management Corp., Equity Office and Stanley M. Stevens	Incorporated herein by reference to Exhibit 10.8 to Equity Office's 2001 Third Quarter Form 10-Q
10.3†	Assumption and Amendment to Change in Control Agreement by and between Equity Office Properties Management Corp., Equity Office, EOP Partnership and Stanley M. Stevens	Incorporated by reference to Exhibit 10.4 to Equity Office's 2002 Third Quarter Form 10-Q
10.4†	Second Assumption and Amendment to Change in Control Agreement by and between Equity Office Management L.L.C., Equity Office, EOP Partnership and Stanley M. Stevens	Incorporated by reference to Exhibit 10.26 to Equity Office's 2003 Annual Report on Form 10-K
10.5†	Change in Control Agreement by and between EOP Partnership, Equity Office and Marsha C. Williams	Incorporated herein by reference to Exhibit 10.1 to Equity Office's 2004 First Quarter Form 10-Q
10.6†	Assumption to Change in Control Agreement by and between Equity Office Management L.L.C., Equity Office, Equity Office Properties Management Corp., EOP Partnership and Marsha C. Williams	Incorporated herein by reference to Exhibit 10.2 to Equity Office's 2004 First Quarter Form 10-Q
10.7†	Change in Control Agreement by and between Equity Office Management L.L.C., Equity Office and Jeffrey L. Johnson	Incorporated herein by reference to Exhibit 10.3 to Equity Office's 2004 First Quarter Form 10-Q
10.8†	Change in Control Agreement by and between Equity Office Management, L.L.C., Equity Office and Peyton H. Owen	Incorporated herein by reference to Exhibit 10.2 to Equity Office's 2005 First Quarter Form 10-Q
10.9	Revolving Credit Agreement for $1,250,000,000 Revolving Credit Facility dated as of August 4, 2005 among EOP Operating Limited Partnership and the Banks listed therein, and related Guaranty of Payment	Incorporated herein by reference to Exhibit 10.1 to EOP Partnership's 2005 Second Quarter Form 10-Q
10.10	Amended and Restated Credit Agreement for $750,000,000 Credit Facility dated as of December 9, 2005 among EOP Operating Limited Partnership and the Banks listed therein (including option to expand by $250,000,000 to $1,000,000,000), and related Guaranty of Payment	Filed herewith

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Exhibit No.	Description	Location
10.11	Credit Agreement for $500,000,000 Credit Facility dated as of February 28, 2006 among EOP Operating Limited Partnership, the Banks listed therein, Merrill Lynch Bank USA, and Merrill, Lynch, Pierce, Fenner & Smith Incorporated, and related Guaranty of Payment	Filed herewith
12.1	Statement of Earnings to Fixed Charges	Filed herewith
21.1	List of Subsidiaries	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm	Filed herewith
31.1	Certifications of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended	Filed herewith
31.2	Certifications of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended	Filed herewith
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith

† Represents a management contract or compensatory plan, contract or arrangement.

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Schedule III — Real Estate and Accumulated Depreciation as of December 31, 2005

					Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at Close of Period 12/31/05				
Description	Notes	Location	State	Encumbrances at 12/31/05	Land	Building and Improvements	Land	Building and Improvements	Land	Building and Improvements	Total(1)	Accumulated Depreciation(1)	Da Const Reno
Office Properties:													
Atlanta Region													
200 Galleria		Atlanta	GA	$ —	$ 10,282	$ 58,266	$ —	$ 4,914	$ 10,282	$ 63,180	$ 73,462	$ (9,919)	19
One Ninety One Peachtree Tower		Atlanta	GA	—	46,500	263,500	—	1,194	46,500	264,694	311,194	(37,093)	19
Central Park		Atlanta	GA	—	9,163	82,463	—	9,123	9,163	91,586	100,749	(20,931)	19
Lakeside Office Park		Atlanta	GA	—	4,792	43,132	—	4,173	4,792	47,305	52,097	(10,179)	1972-
Paces West		Atlanta	GA	—	8,336	75,025	—	9,652	8,336	84,677	93,013	(19,203)	19
Perimeter Center		Atlanta	GA	—	43,464	391,237	267	38,880	43,731	430,117	473,848	(95,651)	1970/
211 Perimeter Center	(3)	Atlanta	GA	—	15,379	28,055	—	—	15,379	28,055	43,434	(327)	1980/
Atlanta Region Totals				—	137,916	941,678	267	67,936	138,183	1,009,614	1,147,797	(193,303)	
Boston Region													
Crosby Corporate Center	(4)	Bedford	MA	—	5,958	53,620	115	(27,529)	6,073	26,091	32,164	—	199
Crosby Corporate Center II	(4)	Bedford	MA	—	9,385	27,584	8	(13,411)	9,393	14,173	23,566	—	199
125 Summer Street		Boston	MA	67,665	18,000	102,000	—	13,593	18,000	115,593	133,593	(17,925)	198
222 Berkeley Street		Boston	MA	—	25,593	145,029	—	6,040	25,593	151,069	176,662	(22,565)	199
500 Boylston Street		Boston	MA	—	39,000	221,000	—	3,383	39,000	224,383	263,383	(31,162)	198
Sixty State Street		Boston	MA	—	—	256,000	—	9,382	—	265,382	265,382	(37,318)	197
100 Summer Street		Boston	MA	—	22,271	200,439	—	68,756	22,271	269,195	291,466	(53,208)	1974/1
150 Federal Street		Boston	MA	—	14,131	127,182	—	18,543	14,131	145,725	159,856	(35,348)	198
175 Federal Street		Boston	MA	—	4,894	44,045	—	6,047	4,894	50,092	54,986	(11,017)	197
225 Franklin Street		Boston	MA	—	34,608	311,471	—	15,149	34,608	326,620	361,228	(67,999)	1966/1
28 State Street		Boston	MA	—	9,513	85,623	—	42,960	9,513	128,583	138,096	(40,474)	1968/1
Center Plaza		Boston	MA	—	18,942	170,480	—	17,634	18,942	188,114	207,056	(39,019)	196
Russia Wharf		Boston	MA	—	3,891	35,023	—	2,956	3,891	37,979	41,870	(9,040)	1978-1
South Station		Boston	MA	—	—	31,074	—	2,279	—	33,353	33,353	(6,911)	198
25 Mall Road	(3)	Burlington	MA	—	5,217	49,739	—	745	5,217	50,484	55,701	(1,299)	1987
New England Executive Park		Burlington	MA	—	14,733	132,594	194	17,465	14,927	150,059	164,986	(33,805)	1970/1
New England Executive Park 17		Burlington	MA	—	904	8,135	8	952	912	9,087	9,999	(2,151)	1970/1
The Tower at N.E.E.P		Burlington	MA	—	2,793	31,462	5	11,590	2,798	43,052	45,850	(9,036)	1971/1
Cambridge Science Center (a.k.a. Riverview I)	(5)	Cambridge	MA	—	1,959	35,916	—	7,476	1,959	43,392	45,351	(2,343)	1984/2
245 First Street (a.k.a Riverview II)		Cambridge	MA	—	3,978	35,804	6	3,914	3,984	39,718	43,702	(9,754)	1985-1
One Memorial Drive		Cambridge	MA	54,754	14,862	88,216	—	5,492	14,862	93,708	108,570	(13,569)	198
One Canal Park		Cambridge	MA	—	2,006	18,054	—	2,177	2,006	20,231	22,237	(4,337)	198
Ten Canal Park		Cambridge	MA	—	2,383	21,448	—	181	2,383	21,629	24,012	(4,345)	198
Riverside Center		Newton	MA	—	24,000	69,849	—	19,933	24,000	89,782	113,782	(18,112)	200
175 Wyman													

Street		Walthan	MA	—	14,600	5,400	3	2,127	14,603	7,527	22,130	(6,831)	1
Wellesley Office Park 1-4		Wellesley	MA	—	5,518	49,662	6	6,625	5,524	56,287	61,811	(12,159)	196
Wellesley 5-7		Wellesley	MA	—	9,335	84,018	13	6,841	9,348	90,859	100,207	(18,734)	196
Wellesley 8		Wellesley	MA	—	1,639	14,754	2	289	1,641	15,043	16,684	(3,033)	196
Boston Region Totals				122,419	310,113	2,455,621	360	251,589	310,473	2,707,210	3,017,683	(511,494)	
Chicago Region													
300 W. 6th Street	(3)	Austin	TX	—	8,359	122,714	—	—	8,359	122,714	131,073	(636)	20
Great Hills Plaza		Austin	TX	—	3,559	14,238	—	—	3,559	14,238	17,797	(11)	19
Park 22	(3)	Austin	TX	—	2,779	32,223	—	93	2,779	32,316	35,095	(1,332)	20
One Congress Plaza		Austin	TX	—	6,502	58,521	—	9,033	6,502	67,554	74,056	(15,314)	19
One American Center		Austin	TX	—	—	70,812	—	12,222	—	83,034	83,034	(18,674)	19
Research Park Plaza I & II	(3)	Austin	TX	—	6,301	47,470	—	206	6,301	47,676	53,977	(939)	19
San Jacinto Center		Austin	TX	—	5,075	45,671	—	9,920	5,075	55,591	60,666	(12,482)	19
Stonebridge II	(3)	Austin	TX	—	1,505	35,379	—	—	1,505	35,379	36,884	(382)	20
Westech 360	(3)	Austin	TX	—	2,680	25,961	—	243	2,680	26,204	28,884	(2,430)	19
101 North Wacker		Chicago	IL	—	10,035	90,319	—	5,877	10,035	96,196	106,231	(21,139)	1980/
200 West Adams		Chicago	IL	—	11,654	104,887	—	10,405	11,654	115,292	126,946	(26,451)	1985/
30 North LaSalle		Chicago	IL	—	12,489	112,401	—	9,304	12,489	121,705	134,194	(28,152)	1974/1
Civic Opera House		Chicago	IL	—	12,771	114,942	—	9,866	12,771	124,808	137,579	(27,672)	1929/1

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Description	Notes	Location	State	Encumbrances at 12/31/05	Initial Cost: Land	Initial Cost: Building and Improvements	Costs Capitalized Subsequent to Acquisition: Land	Costs Capitalized Subsequent to Acquisition: Building and Improvements	Gross Amount Carried at Close of Period 12/31/05: Land	Gross Amount Carried at Close of Period 12/31/05: Building and Improvements	Total(1)	Accumulated Depreciation(1)	Con Re
One North Franklin		Chicago	IL	—	9,830	88,474	—	10,809	9,830	99,283	109,113	(21,412)	
Presidents Plaza		Chicago	IL	—	13,435	120,919	—	12,825	13,435	133,744	147,179	(28,230)	19
Community Corporate Center	(4)	Columbus	OH	—	3,019	27,170	—	(10,835)	3,019	16,335	19,354	(13)	
One Crosswoods	(4)(6)	Columbus	OH	—	1,059	9,530	—	(6,027)	1,059	3,503	4,562	16	
Corporate 500 Centre		Deerfield	IL	76,597	20,100	113,900	—	12,467	20,100	126,367	146,467	(18,867)	198
1700 Higgins Centre		Des Plaines	IL	—	1,323	11,908	64	1,693	1,387	13,601	14,988	(3,135)	
Tri-State International		Lincolnshire	IL	—	10,925	98,327	291	7,098	11,216	105,425	116,641	(22,620)	
One Lakeway Center		Metairie	LA	—	2,804	25,235	—	4,538	2,804	29,773	32,577	(7,756)	198
Two Lakeway Center		Metairie	LA	—	4,644	41,792	49	5,302	4,693	47,094	51,787	(11,391)	198
Three Lakeway Center		Metairie	LA	—	4,695	43,661	59	4,536	4,754	48,197	52,951	(11,625)	198
LaSalle Plaza	(4)	Minneapolis	MN	—	9,681	87,127	—	(15,749)	9,681	71,378	81,059	(1,055)	1
Wells Fargo Center		Minneapolis	MN	110,000	39,045	221,255	—	3,510	39,045	224,765	263,810	(31,249)	1
1111 West 22nd Street		Oakbrook	IL	—	4,834	43,508	48	2,961	4,882	46,469	51,351	(9,583)	1
Commerce Plaza	(3)	Oakbrook	IL	—	18,000	76,149	—	1,269	18,000	77,418	95,418	(8,433)	19 1974
One Lincoln Centre		Oakbrook	IL	—	7,350	41,650	—	5,471	7,350	47,121	54,471	(7,355)	1
Oakbrook Terrace Tower		Oakbrook Terrace	IL	—	11,950	107,552	486	7,927	12,436	115,479	127,915	(26,679)	1
Westbrook Corporate Center		Westchester	IL	92,102	24,875	223,874	30	29,275	24,905	253,149	278,054	(54,902)	1985
Chicago Region Totals				278,699	271,278	2,257,569	1,027	144,239	272,305	2,401,808	2,674,113	(419,903)	
Los Angeles Region													
Stadium Towers		Anaheim	CA	—	6,509	36,886	—	1,804	6,509	38,690	45,199	(4,943)	19
Brea Corporate Place		Brea	CA	—	—	35,129	—	1,780	—	36,909	36,909	(4,516)	19
Brea Corporate Plaza		Brea	CA	—	1,902	10,776	—	697	1,902	11,473	13,375	(1,706)	19
Brea Financial Commons		Brea	CA	—	2,640	14,960	—	862	2,640	15,822	18,462	(1,928)	1982,
Brea Park Centre		Brea	CA	—	2,682	15,198	—	2,208	2,682	17,406	20,088	(2,690)	19 1982
SunAmerica Center	(7)	Century City	CA	198,349	47,863	271,223	—	18,915	47,863	290,138	338,001	(47,665)	19
Cerritos Towne Center		Cerritos	CA	—	—	60,368	—	3,646	—	64,014	64,014	(7,868)	1989,
700 North Brand		Glendale	CA	23,367	5,970	33,828	—	3,554	5,970	37,382	43,352	(6,139)	19
18301 Von Karman (a.k.a. Apple Building)		Irvine	CA	—	6,027	34,152	—	2,173	6,027	36,325	42,352	(5,831)	19
18581 Teller		Irvine	CA	—	1,485	8,415	—	2,562	1,485	10,977	12,462	(1,820)	19
2600 Michelson		Irvine	CA	—	11,291	63,984	—	5,391	11,291	69,375	80,666	(8,769)	19
Fairchild Corporate Center		Irvine	CA	—	2,363	13,388	—	774	2,363	14,162	16,525	(1,816)	19
Inwood Park		Irvine	CA	—	3,543	20,079	—	1,036	3,543	21,115	24,658	(2,682)	1985,
Tower 17		Irvine	CA	—	7,562	42,849	—	2,143	7,562	44,992	52,554	(5,596)	19
1920 Main Plaza		Irvine	CA	—	5,481	47,526	—	4,932	5,481	52,458	57,939	(12,676)	19
2010 Main Plaza		Irvine	CA	—	5,197	46,774	—	4,877	5,197	51,651	56,848	(12,239)	19
The Tower in Westwood		Los Angeles	CA	—	10,041	56,899	—	2,341	10,041	59,240	69,281	(6,917)	19
10880 Wilshire Boulevard		Los Angeles	CA	—	28,009	149,841	—	12,801	28,009	162,642	190,651	(34,964)	1970,
10960 Wilshire Boulevard		Los Angeles	CA	—	16,841	151,574	—	12,272	16,841	163,846	180,687	(32,354)	1971,
550 South Hope Street		Los Angeles	CA	—	10,016	90,146	—	11,968	10,016	102,114	112,130	(22,413)	19
Two California													

Plaza		Los Angeles	CA	—	—	156,197	—	52,346	—	208,543	208,543	(58,879)	
1201 Dove Street		Newport Beach	CA	—	1,998	11,320	—	698	1,998	12,018	14,016	(1,499)	19
Redstone Plaza	(3)	Newport Beach	CA	—	7,000	29,054	—	461	7,000	29,515	36,515	(2,987)	19
The City — 3800 Chapman		Orange	CA	—	3,019	17,107	—	431	3,019	17,538	20,557	(1,952)	
500 Orange Tower		Orange	CA	—	2,943	32,610	—	4,354	2,943	36,964	39,907	(8,455)	
500–600 City Parkway		Orange	CA	—	7,296	41,342	—	18,107	7,296	59,449	66,745	(10,273)	197
City Plaza		Orange	CA	—	6,809	38,584	—	6,738	6,809	45,322	52,131	(6,577)	
City Tower		Orange	CA	—	10,440	59,160	—	4,310	10,440	63,470	73,910	(7,917)	
1100 Executive Tower		Orange	CA	—	4,622	41,599	—	5,900	4,622	47,499	52,121	(10,544)	
3280 E. Foothill Boulevard		Pasadena	CA	—	3,396	19,246	—	1,800	3,396	21,046	24,442	(2,745)	
790 Colorado		Pasadena	CA	—	2,355	13,343	—	2,882	2,355	16,225	18,580	(2,293)	
Century Square		Pasadena	CA	—	6,787	38,457	—	534	6,787	38,991	45,778	(4,351)	
Pasadena Financial		Pasadena	CA	—	4,779	27,084	—	1,219	4,779	28,303	33,082	(3,300)	198
Centerside II		San Diego	CA	21,179	5,777	32,737	—	5,117	5,777	37,854	43,631	(5,797)	:
La Jolla Centre I & II		San Diego	CA	—	12,904	73,122	—	4,196	12,904	77,318	90,222	(9,924)	198
La Jolla Executive Tower	(3)	San Diego	CA	—	10,200	60,376	—	893	10,200	61,269	71,469	(3,255)	1
Nobel Corporate Plaza		San Diego	CA	—	3,697	20,948	—	1,227	3,697	22,175	25,872	(2,664)	1
Pacific Corporate Plaza		San Diego	CA	—	2,100	11,900	—	658	2,100	12,558	14,658	(1,347)	1

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Description	Notes	Location	State	Encumbrances at 12/31/05	Initial Cost: Land	Initial Cost: Building and Improvements	Costs Capitalized Subsequent to Acquisition: Land	Costs Capitalized Subsequent to Acquisition: Building and Improvements	Gross Amount Carried at Close of Period 12/31/05: Land	Gross Amount Carried at Close of Period 12/31/05: Building and Improvements	Total(1)	Accumulated Depreciation(1)	Date Constr Renov
Park Plaza		San Diego	CA	—	2,203	12,484	—	808	2,203	13,292	15,495	(1,553)	198
Westridge		San Diego	CA	—	1,500	8,500	—	—	1,500	8,500	10,000	(947)	198
Smith Barney Tower		San Diego	CA	—	2,658	23,919	—	4,273	2,658	28,192	30,850	(7,476)	198
The Plaza at La Jolla Village		San Diego	CA	75,727	11,839	98,243	19	5,954	11,858	104,197	116,055	(23,324)	1987-1
Griffin Towers		Santa Ana	CA	—	14,317	81,127	—	6,070	14,317	87,197	101,514	(9,246)	198
Lincoln Town Center		Santa Ana	CA	—	4,403	24,950	—	2,213	4,403	27,163	31,566	(4,295)	198
2951 28th Street		Santa Monica	CA	—	3,612	20,465	—	3,015	3,612	23,480	27,092	(2,918)	197
429 Santa Monica		Santa Monica	CA	—	2,523	14,298	—	1,264	2,523	15,562	18,085	(2,347)	198
Arboretum Courtyard		Santa Monica	CA	—	6,573	37,245	—	1,533	6,573	38,778	45,351	(4,698)	199
Santa Monica Business Park		Santa Monica	CA	6,852	—	242,155	—	12,638	—	254,793	254,793	(29,678)	1979-1
Searise Office Tower		Santa Monica	CA	—	4,380	24,818	—	1,475	4,380	26,293	30,673	(3,922)	1975
Wilshire Palisades		Santa Monica	CA	38,375	9,763	55,323	—	2,733	9,763	58,056	67,819	(8,364)	1981
Bixby Ranch		Seal Beach	CA	25,011	6,450	36,550	—	3,307	6,450	39,857	46,307	(6,378)	1987
Los Angeles Region Totals				388,860	341,765	2,608,258	19	253,890	341,784	2,862,148	3,203,932	(475,437)	
New York Region													
1301 Avenue of Americas		New York	NY	486,605	151,285	605,788	—	32,324	151,285	638,112	789,397	(82,694)	1963/19
527 Madison Avenue		New York	NY	—	9,155	51,877	—	7,794	9,155	59,671	68,826	(8,709)	1986
717 Fifth Avenue	(3) (8)	New York	NY	—	47,000	115,058	—	1,366	47,000	116,424	163,424	(7,103)	1959
850 Third Avenue	(9)	New York	NY	490	9,606	86,453	30	18,652	9,636	105,105	114,741	(21,753)	1960/19
Park Avenue Tower	(9)	New York	NY	180,000	48,976	196,566	719	13,383	49,695	209,949	259,644	(41,040)	1986
Tower 56		New York	NY	21,712	6,853	38,832	—	5,108	6,853	43,940	50,793	(6,587)	1983
WorldWide Plaza		New York	NY	—	124,919	496,665	—	10,475	124,919	507,140	632,059	(91,216)	1989
177 Broad Street		Stamford	CT	—	2,562	23,056	—	2,762	2,562	25,818	28,380	(5,659)	1989
300 Atlantic Street		Stamford	CT	—	4,632	41,691	—	3,773	4,632	45,464	50,096	(10,466)	1987/19
Canterbury Green	(10)	Stamford	CT	—	—	41,987	92	2,258	92	44,245	44,337	(10,227)	1987
Four Stamford Plaza		Stamford	CT	—	4,471	40,238	24	2,453	4,495	42,691	47,186	(9,152)	1979/19
One and Two Stamford Plaza		Stamford	CT	—	8,268	74,409	—	9,107	8,268	83,516	91,784	(20,135)	1986/19
Three Stamford Plaza		Stamford	CT	—	3,957	35,610	—	3,319	3,957	38,929	42,886	(8,358)	1980/19
New York Region Totals				688,807	421,684	1,848,230	865	112,774	422,549	1,961,004	2,383,553	(323,099)	
San Francisco Region													
Golden Bear Center		Berkeley	CA	17,880	4,500	25,500	—	1,545	4,500	27,045	31,545	(4,024)	1986
Bay Park Plaza I & II		Burlingame	CA	—	12,906	73,133	—	2,710	12,906	75,843	88,749	(10,798)	1985/19
One Bay Plaza		Burlingame	CA	—	8,642	48,973	—	3,196	8,642	52,169	60,811	(7,836)	1979
Pruneyard Office Towers		Campbell	CA	—	16,502	154,783	—	10,121	16,502	164,904	181,406	(23,906)	1971/19
One & Two Corporate Center		Concord	CA	—	6,379	36,146	—	3,876	6,379	40,022	46,401	(6,370)	1985-19
Watergate Office Towers		Emeryville	CA	—	44,901	254,441	—	11,125	44,901	265,566	310,467	(31,004)	1973/20
Metro Center		Foster City	CA	—	—	282,329	—	10,422	—	292,751	292,751	(33,661)	1985-19
Drake's Landing		Larkspur	CA	—	5,735	32,499	—	1,907	5,735	34,406	40,141	(4,370)	1986
Larkspur Landing Office Park		Larkspur	CA	—	8,316	47,126	—	3,638	8,316	50,764	59,080	(6,351)	1981-19
Wood Island Office													

Complex		Larkspur	CA	—	3,735	21,163	—	645	3,735	21,808	25,543	(2,521)	19
2180 Sand Hill Road		Menlo Park	CA	—	3,408	19,314	—	1,928	3,408	21,242	24,650	(2,669)	19
1900 McCarthy		Milpitas	CA	—	1,998	11,319	—	736	1,998	12,055	14,053	(1,458)	19
California Circle II	(4)	Milpitas	CA	—	1,764	9,997	—	(1,471)	1,764	8,526	10,290	(148)	19
Shoreline Office Center	(3)	Mill Valley	CA	—	—	19,218	—	2,237	—	21,455	21,455	(1,666)	19
Golden Gate Plaza	(3)	Novato	CA	—	3,687	20,851	—	—	3,687	20,851	24,538	(514)	19
Woodside Office Center	(3)	Novato	CA	—	3,072	19,916	—	829	3,072	20,745	23,817	(384)	20
Clocktower Square	(3)	Palo Alto	CA	—	—	41,279	—	33	—	41,312	41,312	(452)	1967-
Embarcadero Place		Palo Alto	CA	33,237	10,500	59,500	—	4,833	10,500	64,333	74,833	(9,053)	198
Foothill Research Center		Palo Alto	CA	—	—	104,894	—	60	—	104,954	104,954	(12,315)	199
Lockheed		Palo Alto	CA	—	—	27,712	—	70	—	27,782	27,782	(3,188)	199
Palo Alto Square		Palo Alto	CA	—	—	78,143	161	8,416	161	86,559	86,720	(21,152)	1971/1
Xerox Campus		Palo Alto	CA	—	—	132,810	—	2	—	132,812	132,812	(15,182)	199
1179 North McDowell	(3)	Petaluma	CA	—	1,585	7,638	—	—	1,585	7,638	9,223	(253)	198
Redwood Business Park I	(3)	Petaluma	CA	11,395	2,616	15,034	—	1	2,616	15,035	17,651	(55)	1985-1
Redwood Business Park II	(3)	Petaluma	CA	19,991	4,254	27,621	—	—	4,254	27,621	31,875	(100)	1989-2
Redwood Business Park III	(3)	Petaluma	CA	16,528	995	27,407	—	—	995	27,407	28,402	(83)	1995
Redwood Business Park IV	(3)	Petaluma	CA	8,950	300	14,392	—	—	300	14,392	14,692	(43)	2000

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					Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at Close of Period 12/31/05				
Description	Notes	Location	State	Encumbrances at 12/31/05	Land	Building and Improvements	Land	Building and Improvements	Land	Building and Improvements	Total(1)	Accumulated Depreciation(1)	Date of Constructi Renovati
Redwood Business Park V	(3)	Petaluma	CA	7,069	701	9,645	—	—	701	9,645	10,346	(32)	1987
Hacienda Terrace		Pleasanton	CA	—	7,039	39,887	—	8,793	7,039	48,680	55,719	(7,765)	1984
Shorebreeze I & II	(3)	Redwood City	CA	22,006	14,028	41,970	—	666	14,028	42,636	56,664	(1,523)	1985-198
Towers at Shores Center		Redwood City	CA	—	35,578	69,054	—	13,436	35,578	82,490	118,068	(10,039)	2002
333 Twin Dolphin Plaza	(3)	Redwood City	CA	—	12,054	40,719	—	73	12,054	40,792	52,846	(1,420)	1985
555 Twin Dolphin Plaza		Redwood Shores	CA	—	11,790	66,810	—	3,565	11,790	70,375	82,165	(8,816)	1989
Douglas Corporate Center		Roseville	CA	—	2,391	13,550	—	640	2,391	14,190	16,581	(1,620)	1990
Douglas Corporate Center II		Roseville	CA	—	1,700	10,962	—	3,349	1,700	14,311	16,011	(1,252)	2004
Johnson Ranch Corp Centre I & II		Roseville	CA	—	4,380	24,819	—	694	4,380	25,513	29,893	(2,940)	1990-1998
Olympus Corporate Centre	(3)	Roseville	CA	—	7,510	30,457	—	523	7,510	30,980	38,490	(2,605)	1992-1996
Roseville Corporate Center		Roseville	CA	—	3,008	17,046	—	85	3,008	17,131	20,139	(1,920)	1999
Summit at Douglas Ridge I	(3)	Roseville	CA	—	2,937	23,444	—	(1,087)	2,937	22,357	25,294	(1,392)	2003
3600-3620 American River Drive		Sacramento	CA	—	2,209	12,518	—	2,169	2,209	14,687	16,896	(1,702)	1977-1979/1997
455 University Avenue		Sacramento	CA	—	465	2,634	—	245	465	2,879	3,344	(381)	1973
555 University Avenue		Sacramento	CA	—	939	5,323	—	624	939	5,947	6,886	(675)	1974
575 & 601 University Avenue		Sacramento	CA	—	1,159	6,569	—	1,146	1,159	7,715	8,874	(928)	1977
655 University Avenue		Sacramento	CA	—	672	3,806	—	589	672	4,395	5,067	(605)	1979
701 University Avenue		Sacramento	CA	—	934	5,294	—	249	934	5,543	6,477	(694)	1990
740 University Avenue		Sacramento	CA	—	212	1,199	—	64	212	1,263	1,475	(155)	1973
Exposition Centre		Sacramento	CA	—	1,200	7,800	—	499	1,200	8,299	9,499	(1,352)	1984
Gateway Oaks I		Sacramento	CA	—	2,391	13,546	—	1,151	2,391	14,697	17,088	(1,725)	1990
Gateway Oaks II		Sacramento	CA	—	1,341	7,600	—	514	1,341	8,114	9,455	(1,040)	1992
Gateway Oaks III		Sacramento	CA	—	936	5,305	—	357	936	5,662	6,598	(676)	1996
Gateway Oaks IV		Sacramento	CA	—	1,658	9,395	—	499	1,658	9,894	11,552	(1,147)	1998
Point West Commercentre		Sacramento	CA	—	2,321	13,154	—	1,362	2,321	14,516	16,837	(1,958)	1983
Point West Corporate Center I & II		Sacramento	CA	—	3,653	14,779	—	1,507	3,653	16,286	19,939	(1,991)	1984
Wells Fargo Center		Sacramento	CA	—	17,819	100,975	—	3,958	17,819	104,933	122,752	(15,236)	1987
Bayhill Office Center		San Bruno	CA	85,242	24,010	136,055	—	8,991	24,010	145,046	169,056	(20,537)	1982/1987
Skyway Landing I & II		San Carlos	CA	—	15,535	35,994	—	18,658	15,535	54,652	70,187	(7,108)	2000
150 California		San Francisco	CA	—	12,567	46,184	—	6,976	12,567	53,160	65,727	(9,122)	2000
201 California		San Francisco	CA	38,354	10,520	59,611	—	9,924	10,520	69,535	80,055	(9,842)	1980
188 Embarcadero		San Francisco	CA	13,682	4,108	23,280	—	1,835	4,108	25,115	29,223	(3,747)	1985
60 Spear													

Street		San Francisco	CA	—	2,125	19,126	15	3,839	2,140	22,965	25,105	(5,179)	1967/19
Maritime Plaza		San Francisco	CA	—	11,531	103,776	—	24,599	11,531	128,375	139,906	(26,977)	1967/19
One Market		San Francisco	CA	—	34,814	313,330	—	50,951	34,814	364,281	399,095	(90,907)	1976/19
Ferry Building		San Francisco	CA	—	—	94,652	—	17,592	—	112,244	112,244	(9,787)	1898/200
10 Almaden		San Jose	CA	—	12,583	71,303	—	2,981	12,583	74,284	86,867	(10,420)	1989
1740 Technology		San Jose	CA	—	8,766	49,673	—	3,067	8,766	52,740	61,506	(6,353)	1986/199
2290 North First Street	(6)	San Jose	CA	—	2,431	13,776	—	(6,959)	2,431	6,817	9,248	(1,044)	1984
Central Park Plaza		San Jose	CA	—	11,181	63,358	23	4,668	11,204	68,026	79,230	(8,873)	1984-198
Metro Plaza		San Jose	CA	—	18,029	102,164	—	7,165	18,029	109,329	127,358	(12,837)	1986-198
Skyport East and West		San Jose	CA	—	6,779	87,193	—	26,800	6,779	113,993	120,772	(16,386)	2001
Concourse		San Jose	CA	—	49,279	279,248	(50)	6,713	49,229	285,961	335,190	(32,950)	1980/200
San Jose Gateway I		San Jose	CA	—	7,873	44,616	—	3,994	7,873	48,610	56,483	(5,735)	1981
San Jose Gateway II		San Jose	CA	—	16,286	92,288	—	5,144	16,286	97,432	113,718	(11,187)	1983-1984
San Jose Gateway III		San Jose	CA	—	6,409	36,315	—	679	6,409	36,994	43,403	(4,172)	1998
North First Office Center		San Jose	CA	—	6,395	36,239	—	989	6,395	37,228	43,623	(4,112)	1985-1986
225 West Santa Clara Street	(3)	San Jose	CA	—	8,600	94,035	—	1,286	8,600	95,321	103,921	(9,278)	2001
Peninsula Office Park		San Mateo	CA	76,760	27,275	154,561	—	6,278	27,275	160,839	188,114	(23,014)	1971/1998
San Mateo BayCenter I		San Mateo	CA	—	5,382	30,498	—	2,421	5,382	32,919	38,301	(3,965)	1984
San Mateo BayCenter II		San Mateo	CA	—	6,245	35,389	—	2,423	6,245	37,812	44,057	(4,509)	1984
San Mateo BayCenter III		San Mateo	CA	—	3,357	19,023	—	421	3,357	19,444	22,801	(2,245)	1987
The Plaza at San Ramon		San Ramon	CA	—	7,460	42,273	—	9,435	7,460	51,708	59,168	(8,185)	1987-1989
2727 Augustine	(6)	Santa Clara	CA	—	3,000	17,000	—	(11,600)	3,000	5,400	8,400	(720)	1975
3281-3285 Scott Boulevard	(6)	Santa Clara	CA	—	1,275	7,225	—	(3,390)	1,275	3,835	5,110	(473)	1981
Applied Materials I & II	(6)	Santa Clara	CA	—	5,100	28,900	—	(15,815)	5,100	13,085	18,185	(796)	1979
Patrick Henry Drive		Santa Clara	CA	—	2,475	14,025	—	4	2,475	14,029	16,504	(1,564)	1981
Santa Clara Office Center I		Santa Clara	CA	—	2,010	11,391	—	534	2,010	11,925	13,935	(1,398)	1981
Santa Clara Office Center II		Santa Clara	CA	—	2,870	16,261	—	971	2,870	17,232	20,102	(1,978)	1978

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Description	Notes	Location	State	Encumbrances at 12/31/05	Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at Close of Period 12/31/05			Accumulated Depreciation(1)	Da Const Renc
					Land	Building and Improvements	Land	Building and Improvements	Land	Building and Improvements	Total(1)		
Santa Clara Office Center III		Santa Clara	CA	—	2,031	11,509	—	574	2,031	12,083	14,114	(1,452)	1!
Santa Clara Office Center IV		Santa Clara	CA	—	186	1,057	—	—	186	1,057	1,243	(118)	19
Lake Marriott Business Park		Santa Clara	CA	—	9,091	84,967	297	10,799	9,388	95,766	105,154	(18,888)	19
Fountaingrove Center		Santa Rosa	CA	—	2,898	16,424	—	2,927	2,898	19,351	22,249	(2,251)	1986,
Fountaingrove I	(3)	Santa Rosa	CA	—	1,820	8,106	—	—	1,820	8,106	9,926	(33)	20
Oak Valley Business Center	(3)	Santa Rosa	CA	—	3,871	20,623	—	50	3,871	20,673	24,544	(518)	20
Parkpoint Business Center	(3)	Santa Rosa	CA	7,414	1,265	10,099	—	—	1,265	10,099	11,364	(35)	19
Parkway Plaza (a.k.a. 3850 & 3880 Brickway)	(3)	Santa Rosa	CA	—	3,791	19,986	—	—	3,791	19,986	23,777	(381)	200
The Lakes	(3)	Santa Rosa	CA	—	4,911	17,586	—	38	4,911	17,624	22,535	(509)	198
Waterfall Towers	(3)	Santa Rosa	CA	8,081	3,040	14,216	—	1	3,040	14,217	17,257	(165)	198
Sunnyvale Business Center		Sunnyvale	CA	—	4,890	44,010	—	46	4,890	44,056	48,946	(8,855)	199
San Francisco Region Totals				366,589	660,884	4,638,743	446	318,538	661,330	4,957,281	5,618,611	(659,750)	
Seattle Region													
10700 Building		Bellevue	WA	—	—	15,958	—	102	—	16,060	16,060	(1,790)	1981
110 Atrium Place		Bellevue	WA	—	6,333	35,888	—	2,814	6,333	38,702	45,035	(5,709)	1981
Bellefield Office Park		Bellevue	WA	—	12,232	69,312	(1)	6,248	12,231	75,560	87,791	(9,539)	1980
Bellevue Gateway I		Bellevue	WA	—	3,593	20,360	—	2,200	3,593	22,560	26,153	(3,094)	1985
Bellevue Gateway II		Bellevue	WA	—	2,016	11,423	—	910	2,016	12,333	14,349	(1,592)	1988
Eastgate Office Park		Bellevue	WA	—	6,468	36,650	3	5,404	6,471	42,054	48,525	(5,617)	1985
Gateway 405 Building		Bellevue	WA	—	1,011	5,727	—	480	1,011	6,207	7,218	(802)	1986
I-90 Bellevue		Bellevue	WA	—	3,725	21,108	—	238	3,725	21,346	25,071	(2,381)	1986
Lincoln Executive Center		Bellevue	WA	—	3,235	18,329	—	1,705	3,235	20,034	23,269	(2,754)	1983-19
Lincoln Executive Center II & III		Bellevue	WA	—	4,918	27,868	—	3,949	4,918	31,817	36,735	(3,819)	1983-19
Main Street Building	(4)	Bellevue	WA	—	1,398	7,922	—	(1,931)	1,398	5,991	7,389	(89)	1980
Plaza Center		Bellevue	WA	—	16,680	94,521	—	5,005	16,680	99,526	116,206	(11,415)	1978/19
Plaza East		Bellevue	WA	—	4,687	26,561	—	2,553	4,687	29,114	33,801	(3,542)	1988
Sunset North Corporate Campus		Bellevue	WA	—	17,031	79,249	—	14,286	17,031	93,535	110,566	(17,887)	1999
City Center Bellevue		Bellevue	WA	—	10,349	93,142	—	8,334	10,349	101,476	111,825	(19,286)	1987
One Bellevue Center		Bellevue	WA	—	—	56,223	—	9,230	—	65,453	65,453	(13,224)	1983
Symetra Financial Center (a.k.a. Rainier Plaza)		Bellevue	WA	—	—	79,928	—	14,896	—	94,824	94,824	(18,350)	1986
Key Center		Bellevue	WA	—	—	78,447	—	8,822	—	87,269	87,269	(8,116)	2000
410 17th Street		Denver	CO	—	4,474	40,264	—	9,342	4,474	49,606	54,080	(11,090)	1978
4949 South Syracuse		Denver	CO	—	822	7,401	23	1,492	845	8,893	9,738	(2,012)	1982
Denver Corporate Center II & III		Denver	CO	—	6,059	36,534	4	7,522	6,063	44,056	50,119	(10,838)	1981/19 1997

Denver Post Tower	Denver	CO	—	—	52,937	—	9,784	—	62,721	62,721	(14,621)	
Dominion Plaza	Denver	CO	—	5,990	53,911	—	8,272	5,990	62,183	68,173	(14,380)	1
Metropoint I	Denver	CO	—	6,375	39,375	—	5,206	6,375	44,581	50,956	(9,504)	1
Metropoint II	Denver	CO	—	1,777	17,865	—	3,625	1,777	21,490	23,267	(5,629)	1
U.S. Bank Tower	(3) Denver	CO	—	6,301	72,274	—	3,397	6,301	75,671	81,972	(8,919)	197
Tabor Center	Denver	CO	—	12,948	116,536	—	40,350	12,948	156,886	169,834	(29,049)	1
Trinity Place	Denver	CO	—	1,898	17,085	—	3,419	1,898	20,504	22,402	(4,987)	1
Millennium Plaza	Englewood	CO	—	7,757	38,314	—	698	7,757	39,012	46,769	(7,422)	1
Terrace Building	Englewood	CO	—	1,546	13,865	30	2,006	1,576	15,871	17,447	(3,233)	1
The Quadrant	Englewood	CO	—	4,357	39,215	—	6,431	4,357	45,646	50,003	(10,575)	1
4000 Kruse Way Place	Lake Oswego	OR	—	4,475	25,360	—	2,292	4,475	27,652	32,127	(3,688)	1981
4004 Kruse Way Place	Lake Oswego	OR	—	1,888	10,698	—	839	1,888	11,537	13,425	(1,633)	19
4800 Meadows	Lake Oswego	OR	—	—	17,448	—	896	—	18,344	18,344	(2,270)	19
4900-5000 Meadows	Lake Oswego	OR	—	—	30,528	—	1,582	—	32,110	32,110	(4,184)	19
4949 Meadows	Lake Oswego	OR	—	—	26,941	—	1,545	—	28,486	28,486	(3,587)	19
5800 & 6000 Meadows	(3) Lake Oswego	OR	—	4,810	44,222	—	496	4,810	44,718	49,528	(3,467)	1999;
Kruse Oaks I	Lake Oswego	OR	—	—	14,648	—	4,388	—	19,036	19,036	(2,847)	20
Kruse Way Plaza I & II	Lake Oswego	OR	—	2,866	16,239	—	1,282	2,866	17,521	20,387	(2,406)	1984-
Kruse Woods	Lake Oswego	OR	—	10,812	80,977	—	4,198	10,812	85,175	95,987	(10,843)	1986-
Kruse Woods V	Lake Oswego	OR	—	5,478	21,244	—	4,946	5,478	26,190	31,668	(1,911)	200
Island Corporate Center	Mercer Island	WA	—	2,700	15,300	—	1,515	2,700	16,815	19,515	(2,643)	198
5550 Macadam Building	Portland	OR	—	870	4,929	—	889	870	5,818	6,688	(779)	198

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Description	Notes	Location	State	Encumbrances at 12/31/05	Initial Cost: Land	Initial Cost: Building and Improvements	Costs Capitalized Subsequent to Acquisition: Land	Costs Capitalized Subsequent to Acquisition: Building and Improvements	Gross Amount Carried at Close of Period 12/31/05: Land	Gross Amount Carried at Close of Period 12/31/05: Building and Improvements	Total(1)	Accun Depreci
Umpqua Bank Plaza		Portland	OR	—	7,505	42,529	—	5,412	7,505	47,941	55,446	
Lincoln Center		Portland	OR	—	18,760	106,307	—	12,293	18,760	118,600	137,360	
One Pacific Square		Portland	OR	—	4,451	25,221	—	9,835	4,451	35,056	39,507	
River Forum I & II		Portland	OR	—	4,038	22,881	—	4,467	4,038	27,348	31,386	
RiverSide Centre (Oregon)		Portland	OR	—	2,537	12,353	—	1,073	2,537	13,426	15,963	
Congress Center		Portland	OR	—	5,383	48,634	—	11,041	5,383	59,675	65,058	
Southgate Office Plaza I & II	(4)	Renton	WA	—	4,794	27,163	—	(1,755)	4,794	25,408	30,202	
Washington Mutual Tower		Seattle	WA	79,250	51,000	289,000	—	3,103	51,000	292,103	343,103	
1111 Third Avenue		Seattle	WA	—	9,900	89,571	—	7,215	9,900	96,786	106,686	
10833-10845 NE 8th Street		Seattle	WA	—	—	2,000	—	(1,637)	—	363	363	
Nordstrom Medical Tower		Seattle	WA	—	1,700	15,450	—	1,158	1,700	16,608	18,308	
Second and Seneca		Seattle	WA	—	10,922	98,927	—	4,144	10,922	103,071	113,993	
Second and Spring Building		Seattle	WA	—	1,968	17,716	—	3,215	1,968	20,931	22,899	
Wells Fargo Center		Seattle	WA	—	21,361	193,529	—	14,292	21,361	207,821	229,182	(
Nimbus Corporate Center		Tigard	OR	—	12,934	73,291	—	11,849	12,934	85,140	98,074	(
Seattle Region Totals				79,250	345,132	2,697,298	59	297,362	345,191	2,994,660	3,339,851	(4
Washington, D.C. Region												
Polk and Taylor Buildings		Arlington	VA	—	16,943	152,483	—	40,091	16,943	192,574	209,517	(
Centerpointe I & II		Fairfax	VA	—	8,838	79,540	367	2,283	9,205	81,823	91,028	(
Fair Oaks Plaza		Fairfax	VA	—	2,412	21,712	35	2,777	2,447	24,489	26,936	
Northridge I	(11)	Herndon	VA	12,148	3,225	29,024	—	2,717	3,225	31,741	34,966	
American Center	(3)	McLean	VA	—	15,000	42,272	—	6,839	15,000	49,111	64,111	
John Marshall I		McLean	VA	—	5,216	46,814	24	1,128	5,240	47,942	53,182	
John Marshall III		McLean	VA	—	9,950	29,863	—	3,736	9,950	33,599	43,549	
E.J. Randolph	(11)	McLean	VA	13,390	3,937	35,429	7	3,311	3,944	38,740	42,684	
E.J. Randolph II		McLean	VA	—	5,770	24,587	—	4,006	5,770	28,593	34,363	
Reston Town Center		Reston	VA	111,180	18,175	154,576	83	17,842	18,258	172,418	190,676	(
Reston Town Center Garage		Reston	VA	—	1,943	9,792	—	1,821	1,943	11,613	13,556	
11111 Sunset Hills Road (a.k.a. XO Building)	(3)	Reston	VA	23,201	9,794	42,254	—	554	9,794	42,808	52,602	
1300 North 17th Street		Rosslyn	VA	79,656	9,811	88,296	—	9,963	9,811	98,259	108,070	(
1616 North Fort Myer Drive		Rosslyn	VA	—	6,961	62,646	—	9,675	6,961	72,321	79,282	(
Army and Navy Club Building		Washington	D.C.	—	3,773	33,954	—	218	3,773	34,172	37,945	
Market Square		Washington	D.C.	—	33,077	187,437	—	6,254	33,077	193,691	226,768	(
One												

Lafayette Centre Two		Washington	D.C.	—	8,262	74,362	—	4,024	8,262	78,386	86,648	
Lafayette Centre Three		Washington	D.C.	—	2,642	26,676	—	1,963	2,642	28,639	31,281	
Lafayette Centre		Washington	D.C.	—	6,871	61,841	—	8,066	6,871	69,907	76,778	
Liberty Place		Washington	D.C.	—	5,625	50,625	—	1,889	5,625	52,514	58,139	
Washington, D.C. Region Totals				239,575	178,225	1,254,183	516	129,157	178,741	1,383,340	1,562,081	
Subtotal Office Properties				2,164,199	2,666,997	18,701,580	3,559	1,575,485	2,670,556	20,277,065	22,947,621	
Development Properties:												
Summit at Douglas Ridge II	(12)	Roseville	CA	—	3,597	14,095	—	2,686	3,597	16,781	20,378	
Bridge Pointe Corporate Center III	(12)	San Diego	CA	—	5,250	—	—	6,462	5,250	6,462	11,712	
Foundry Square I (Barclays)	(12)	San Francisco	CA	—	10,000	—	—	2,481	10,000	2,481	12,481	
1095 Avenue of the Americas	(3)(12)	New York	NY	—	268,799	237,073	—	9,640	268,799	246,713	515,512	
Kruse Oaks II	(12)	Portland	OR	—	—	—	—	4,922	—	4,922	4,922	
City Center Plaza West	(12)	Bellevue	WA	—	11,420	—	—	1,623	11,420	1,623	13,043	
Subtotal Development Properties				—	299,066	251,168	—	27,814	299,066	278,982	578,048	
Property Held for Sale:												
8-16 Perimeter	(13)	Atlanta	GA	—	1,552	5,693	—	1,033	1,552	6,726	8,278	
120 Montgomery	(14)	San Francisco	CA	—	17,564	99,532	—	(51,161)	17,564	48,371	65,935	
3001 Stender Way	(14)	Santa Clara	CA	—	2,263	12,823	—	(12,177)	2,263	646	2,909	
Subtotal Property Held for Sale				—	21,379	118,048	—	(62,305)	21,379	55,743	77,122	

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Description	Notes	Location	State	Encumbrances at 12/31/05	Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Amount Carried at Close of Period 12/31/05			Accumulated Depreciation(1)	C F
					Land	Building and Improvements	Land	Building and Improvements	Land	Building and Improvements	Total(1)		
Industrial Properties:													
San Francisco Region													
Benicia Ind II & III		Benicia	CA	—	2,250	12,750	—	505	2,250	13,255	15,505	(1,549)	
Independent Road Warehouse		Oakland	CA	—	900	5,100	—	—	900	5,100	6,000	(568)	
San Francisco Region Totals				—	3,150	17,850	—	505	3,150	18,355	21,505	(2,117)	
Subtotal Industrial Properties				—	3,150	17,850	—	505	3,150	18,355	21,505	(2,117)	
Land Available for Development	(4)	Various		—	176,868	—	—	3,192	176,868	3,192	180,060	(18)	
Management Business				—	17	(150)	84	158,011	101	157,861	157,962	(45,324)	
Investment in Real Estate	(15)			$ 2,164,199	$3,167,477	$ 19,088,496	$3,643	$ 1,702,702	$ 3,171,120	$ 20,791,198	$23,962,318	$ (3,368,341)	

(1) The aggregate cost, net of accumulated tax depreciation, for Federal Income Tax purposes as of December 31, 2005 was $14.9 billion.

(2) The life to compute depreciation on building is 18-59 years. The life to compute depreciation on building improvements is 3-40 years.

(3) The initial cost of acquisition recorded for these properties includes intangible assets that are classified in "Deferred leasing costs and other related intangibles" and "Other liabilities" on the consolidated balance sheets. Accumulated depreciation for these properties includes the accumulated amortization for these related intangibles.

(4) We recorded $65.7 million of impairment charges on these properties during 2005.

(5) This property was previously under development and has been placed into service during 2005.

(6) We recorded $38.5 million of impairment charges on these properties during 2004.

(7) Our interest in this Office Property is attributed to our ownership of indebtedness and was consolidated in 2004 under FIN 46(R).

(8) Equity Office and an unaffiliated party own this property as tenants-in-common.

(9) A mortgage note encumbering these properties has cross default and collateralization provisions.

(10) This Property contains 106 residential units in addition to 226,197 square feet of office space.

(11) These loans are subject to cross default and collateralization provisions.

(12) These properties are in development. During the development period certain operating costs, including real estate taxes together with interest incurred during the development stages is capitalized.

(13) This property was held for sale as of December 31, 2005, pursuant to FAS 144.

(14) This property was held for sale at December 31, 2005, pursuant to FAS 144 and is reflected at its fair value less costs to sell.

(15) The encumbrances at December 31, 2005 include a net discount of $5.2 million.

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A summary of activity of investment in real estate and accumulated depreciation is as follows:

The changes in investment in real estate for the years ended December 31, 2005, 2004, and 2003 are as follows:

	December 31, 2005	December 31, 2004	December 31, 2003
Balance, beginning of the period	$ 25,420,675	$ 24,334,162	$ 25,163,516
Additions during period:			
Acquisitions	1,318,983	484,566	163,511
Consolidation of Properties previously accounted for under the equity method	—	819,569	85,870
Consolidation of SunAmerica Center	—	330,787	—
Improvements	397,633	430,570	471,638
Deductions during period:			
Properties disposed of	(2,804,568)	(709,033)	(1,545,598)
Provision for loss on properties held for sale	(48,038)	(2,123)	—
Impairment	(384,039)	(275,350)	(7,667)
Write-off of fully depreciated assets which are no longer in service	(22,523)	(77,816)	(19,048)
	23,878,123	25,335,332	24,312,222
Initial cost of acquisition recorded as intangible assets and classified in "deferred lease costs" on the consolidated balance sheets	84,195	85,343	21,940
Balance, end of period	$ 23,962,318	$ 25,420,675	$ 24,334,162

The changes in accumulated depreciation for the years ended December 31, 2005, 2004, and 2003 are as follows:

	December 31, 2005	December 31, 2004	December 31, 2003
Balance, beginning of the period	$ (3,180,707)	$ (2,578,361)	$ (2,077,613)
Additions during period:			
Depreciation	(699,259)	(709,924)	(663,935)
Consolidation of Properties previously accounted for under the equity method	—	(53,110)	—
Consolidation of SunAmerica Center	—	(31,219)	—
Deductions during period:			
Properties disposed of	335,610	75,123	144,251
Provision for loss on properties held for sale	10,606	—	—
Impairment	165,036	46,180	167
Write-off of fully depreciated assets which are no longer in service	22,523	77,816	19,048
	(3,346,191)	(3,173,495)	(2,578,082)
Accumulated amortization of initial cost of acquisition recorded as intangible assets and classified in "deferred lease costs" on the consolidated balance sheets	(22,150)	(7,212)	(279)
Balance, end of period	$ (3,368,341)	$ (3,180,707)	$ (2,578,361)